WORLD

United Nations

Illinois U Library

U 2AT 9K 1608 1-SIR
CHICAGO UNDERGRADUATE DIVISION
NAVY PIER
CHICAGO 11 ILL

AL SECRET
AK RIDGE

A BLUNDER THAT MAY DESTROY THE WEST

By A. A. Berle, Jr.
Former Assistant Secretary of State

A New Turn in Foreign Aid

By Paul G. Hoffman, ECA Administrator

TOWARD THE HIGHEST PRODUCTION IN U. S. HISTORY

By Charles Sawyer
Secretary of Commerce

DIPLOMATS, MEND YOUR MANNERS!

By General Carlos P. Romulo
President of the General Assembly

LAUGHTER AROUND THE WORLD

And 20 Other Features

1950 ASIA'S YEAR OF DECISION

U OF I LIBRARY

JANUARY, 1950 35¢

You Benefit...

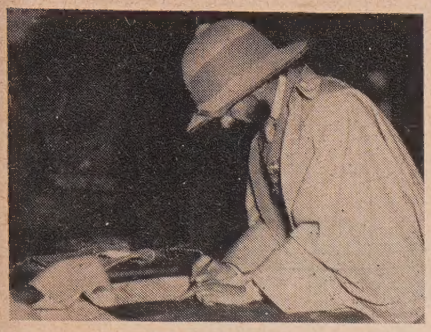
Most countries have been aided in the development of electric power by the General Electric Company. Some 200,000 G-E products have been created so that industries and homes might enjoy improved standards. The chain of benefits extends to everyone. A nation installs General Electric apparatus to convert water power and other natural resources into current. Typical examples of benefits then available are electric locomotives which transport people and goods speedily, efficiently—and appliances such as electric clocks, vacuum cleaners, radios, lamps, kitchen appliances which mean new ease and convenience in the home. However you use electricity, you can place your confidence in the leader. A-50-1

The Standard of Excellence

THROUGHOUT THE WORLD . . . IN INDUSTRY AND HOME

GENERAL ELECTRIC

U.S.A.



Emperor Haile Selassie I

To the Editor

Addis Ababa

UNW is one of the journals to which we give our more serious attention. In this regard, we forward you herewith the full text of the recent message despatched by His Imperial Majesty Haile Selassie I, to the Honorable Trygve Lie, Secretary General of the UN, on the reaction of the Head of the State to the UN decision on Somaliland. His Imperial Majesty is one of the interested readers of your magazine and a believer in the high guiding principles of the publication. With compliments, we forward herewith a photograph of His Majesty the Emperor. [*See cut*]

Amde Mikael Dessalegn, Dir. Gen.
Press and Information Department
Imperial Ethiopian Government

From the Emperor's Message:

". . . By decision of the Assembly, Italy has been entrusted with the administration of Somaliland, and through that decision again becomes a neighbor of Ethiopia. Wide and intimate experience of the past, including the recent past, compels us deeply to deplore this action. It is common knowledge that the neighborhood of Italy, forced upon us, has never brought our country anything but misfortunes and calamity. . . .

"It is my fervent hope . . . that the UN . . . will find it possible to correct the injustice which has now been done and that, by the grace of God, Ethiopia may receive that justice which is her due. . . ."

UNITED NATIONS WORLD, January 1950, Vol. 4, No. 1. Published monthly by U.N. World, Inc., 319 East 44th Street, New York 17, N. Y. Entered as second class matter August 2, 1948, at the Post Office at New York, N. Y., under the act of March 3, 1879. Price: 35 cents a copy, $4.00 for one year, $7.00 for two years, $9.00 three years. Foreign postage outside possessions, Western Hemisphere and Spain, $1.00 a year. Printed in the U.S.A. Copyright 1949 by U.N. World, Inc.

LEADERS OF INDUSTRY KNOW

the Value of Time

Conscious of its multiple obligations as the world's greatest telegraph company . . . and actually "The Nation's Time Keeper". . . the alert leader of Western Union is literally the high priest of precision time. Exclusive suppliers of U. S. Naval Observatory Time Service throughout the land . . . this great communication system emphasizes the importance of split-second accuracy. ¶ Uncompromising safeguard of the vital hours for such men . . . and you . . . Rolex precision watches are available through exclusive dealers in America. ¶ For the past 20 years Rolex has received 85% of all official certificates granted wrist chronometers in the entire watch industry. ¶ For those who appreciate the importance of precision time there is no substitute for a Rolex . . . Priced $135. to $1,000.

The Rolex Datejust, the only calendar, waterproof, self-winding wrist chronometer.

As illustrated in 18 kt. gold case with 18 kt. gold bracelet . . . . . $1,000. with leather strap . . . . . $550.

Write for free copy THE STORY OF ROLEX . . . it is the history of precision time . . . printed and illustrated in England with handsome reproductions of the famous Oysters and other Rolex watches.

ROLEX

SWISS OFFICIALLY CERTIFIED WRIST-CHRONOMETERS

THE AMERICAN ROLEX WATCH CORP., 580 Fifth Ave., New York 19, N. Y.

44741

EUROPE by AIR

FIFTEEN DAYS

$500 to $650

ALL INCLUSIVE

(Normally $660 for plane fare alone)

VISIT in all the magic of a sunny winter

PARIS
LONDON
ROME
STOCKHOLM

SKI at leading winter sport centers in

FRANCE
SWITZERLAND
SWEDEN
DENMARK

SEE in utmost comfort—*without tourist crowds*

BALLET
THEATRE
CONCERT
OPERA

Our cooperation with the Office de Tourisme Universitaire of the French Government, as well as similar agencies in England, Italy and Sweden permit us to assure a most unique and pleasurable experience.

All of the following has been arranged:

Travel by air in Luxurious Air Cruisers of AIR FRANCE, BRITISH OVERSEAS AIRWAYS, SCANDINAVIAN AIRLINES, SABENA.

Excellent meals, lodging, and an extensive program planned to coincide with the height of ARTISTIC AND WINTER SPORTING season in Western Europe and Scandinavia including Seminars and lectures at the SORBONNE and other leading universities.

First Groups leave New York JANUARY 20, 1950
Continuing twice monthly

Write, Wire or Phone:

TRAVEL & STUDY, Inc.

110 East 57th Street
New York 22, New York
PLaza 3-6520

An Organization for Study Abroad

FRENCH NATIONAL RAILROADS

RAIL SERVICE IN FRANCE

Route your freight through French ports for all Europe. Direct unloading of cargo ships to French National Railroad freight cars at Quaiside. Saves time and expense.

Itineraries for combined Rail and Motor Coach Tours in France gladly furnished. Through trains cover all France and the many capitals of Europe. ●

Advance reservations can be made and tickets issued at our New York office.

610 FIFTH AVENUE, NEW YORK, N. Y.

● *FOR FULL INFORMATION SEE YOUR TRAVEL OR FREIGHT AGENT*

EDITORIAL BOARD:
Richard J. Walsh, *Chairman*
Pearl S. Buck
Eliot Pratt
William L. Shirer
Fred Smith
Vernon Pope, *Director*

CONTRIBUTING EDITORS:
Thomas Mann
Jawaharlal Nehru
Vincent Sheean
Lin Yutang

EDITOR:
Louis Dolivet

PUBLISHER:
Egbert White

Herbert Harris, *Executive Editor*
Tibor Koeves, *Senior Editor*
Laura Vitray, *UN Editor*
Pearl M. Steinhaus, *Pictures & Production*
Myron Leslie Hurwitz
Mary Paull, M. M. Goebel, Gayle Gibbs

ART DEPARTMENT:
Kenneth Audroue, *Director*
Tobias Moss, *Consultant*

ROVING CORRESPONDENTS:
Leo Lania, Curt L. Heymann

INTERNATIONAL CORRESPONDENTS:
Natalia Danesi Murray *(Rome)*; Vincent Pascal *(Montevideo)*; Don Peretz *(Haifa)*; Fernandez MacGregor *(Mexico City)*

INTERNATIONAL EDITIONS:
Louis Dolivet, *International Editor*
England: Francis Noel-Baker, *Editor*
Sweden: Gunnar Fagrell, *Editor*

BUSINESS STAFF:
Richard D. Mathewson, *General Manager*
Ray W. Martin, *Advertising*
M. M. Cottrell, *Circulation*
J. F. Russell, *Promotion*

PICTURE CREDITS:
Page 4: Black Star; Page 5: Wide World, Acme; Page 15: Wide World, Acme; Pages 17, 18: INP; Pages 22, 26: Wide World; Page 31: Wide World, Pfc Ed. Nierenberg, USMC, Three Lions; Pages 36, 39, 41: Official UN Photo; Page 43: Ewing Galloway, NY Central System, Sabena, Grace Line; Page 45: Acme; Pages 47, 48, 50: Charts by David Medoff; Pages 52, 53: Brazilian Government Trade Bureau; Page 57: Wide World.

United Nations **WORLD** *Magazine*

CONTENTS, *January 1950, Vol. 4, No. 1*

ARTICLES

The Blunder That May Destroy the West **13** *A. A. Berle, Jr.*
The Real Secret of Oak Ridge **17** *Leo Lania*
New Gambit for Germany **20** *Publicus*
Nauru: The UN's Treasure Island **26** *Laura Vitray*
1950: Year of Decision for Asia **29** *Robert Payne*

STATE OF THE WORLD

Techniques and Trials of an East-West Treaty **4** *The Editors*
The Ten Men Who Rule China **6**
Cracks in the Soviet Bloc **8**

THE UNITED NATIONS

At the World's Bedside **35** *John Yard*
ECOSOC Fights for Human Happiness **39** *James Thorn*
UN Progress Report **41** *The Editors*

SPECIAL WORLD TRADE SURVEY

A New Trend in Foreign Aid **44** *Paul G. Hoffman*
How to Lose a Billion Dollar Market **50** *José Garrido Torres*
Tariff Reform Begins at Home **54** *Charles Riotte*
Toward the Highest Production in US History **57** *Charles Sawyer*

FEATURES

Laughter Around the World **24** *UNW Cartoon Page*
Asia: January 1, 1950—A UNW Map **43** *James Cutter*

BOOKS

World Literature at Mid-Century **60** *Anne Fremantle*

EDITORIAL

Diplomats: Mend Your Manners **64** *Carlos P. Romulo*

SUBSCRIPTIONS: $4.00 one year, $7.00 two years, $9.00 three years. Foreign postage, outside United States possessions, Western Hemisphere nations and Spain, $1.00. Postage to APO and FPO addresses, free. Single copy price, 35¢. Copyright 1950 by U.N. World, Inc., 319 East 44th St., New York 17, N. Y. All rights reserved under the Pan-American Copyright Convention and International Copyright Union.

Techniques and Tribulations Of an East-West Treaty

In this story of a treaty's conception and its postponed birth, UNW takes its readers behind the scenes to secret conference rooms where sealed orders were converted into items of an ever-expanding agenda. Here intricate negotiations in pattern and portent contained not only the future of Austria but also East-West tensions and their impact upon the peace of the world.

VIENNA

Symbols of Austria's capital: Cathedral of St. Stephen and the typical *Kaffeehaus.*

Case History: *Austria*

When the Russians in a sudden unexpected move delayed the signing of the Austrian peace treaty, they threw into a commotion that was almost convulsion the US State Department and the Foreign Offices of the UK, France and Yugoslavia. The headlong switch in the Soviet attitude, which up until the end of November favored the signing of this treaty, has become the latest enigma in the moves and counter-moves between the East and the West. The treaty itself—when and if signed—will have not only decisive political importance for Austria's future but also will considerably change the strategic situation throughout central Europe and the Balkans. For as soon as the signatures are affixed to any such document, Soviet troops—in accord with previous Big Four agreements—will be withdrawn from Hungary, thus relieving pressure upon Yugoslavia.

From exclusive sources within the conference of the deputies of the four foreign ministers as well as from a reading of the articles of the treaty to which UNW has had access, the editors can disclose the plot and characters in one of the most significant scenes in the drama of postwar diplomacy.

From September to December 5, 1949, the stage was a suite of rooms on the 37th floor of the Waldorf-Astoria in New York City. Every morning between 9:45 and 10 o'clock, the deputies of the foreign ministers would rush into the elevators to take up again an always unfinished business. Their brief cases bulged with data about Austria, along with proposed drafts of the treaty, annotated and blue-pencilled, and the latest instructions from their home offices. Officiating as majordomo was the efficient secretary of the conference, Mr. Henry E. Allen of the US State Department. The post of chairman was rotated among the four Big Powers.

Progress was so encouraging during the month of November that Reber of the US, Mallet of the UK and Berthelot of France, informed their chiefs that the Soviet representative, Ambassador Zarubin, would surely sign the treaty by the end of the month or in early December at the outside. Most of the participants had even booked passage for home since there were only two minor articles—16 and 27—still to be agreed upon. Mr. Zarubin informed his opposite numbers that he was only waiting the conclusion of negotiations going on in Vienna between his government and Austria concerning a modest payment to the Soviets for food deliveries and other services rendered to the Austrians during the ocupation. Otherwise, Mr. Zarubin implied, there was no reason for any further delay. Hence on December 5, Mr. Zarubin's quiet declaration that the negotiations in Vienna had run into a snag aroused fears that this might signify the end of the peace treaty altogether. But before leaving, Mr. Zarubin became more heartening in his words and it was agreed among all powers that negotiations would be reopened on January 9 in London.

The question baffling diplomatic circles is what prompted the Russians suddenly to withhold approval of the treaty ostensibly on such a minor ground as settling a little financial problem with Austria. The majority of the conference participants are now convinced that this latest delay has resulted from the increasing East-West hostility, as displayed at Lake Success, and to the increasing bitterness of the Soviet delegation. The insiders feel sure that Mr. Vishinsky dispatched some very unfavorable reports to Moscow and that these in turn may have induced Mr. Gromyko to shift USSR policy.

Over the long pull of the negotiations, it was the Russian attitude which consistently hindered the drafting of the final part. From November 1947 until June 1949 they insisted on including two basic clauses, one which would revise Austria's boundaries in favor of Yugoslavia and the second, the insistence that Austria pay heavy reparations which she could not remotely afford. Both conditions were unacceptable to the Western powers. From the late summer of 1949, however, in one of the lightning reversals which have become an earmark of Soviet diplomacy, the Russians started to make some considerable concessions, most of them at Yugoslavia's expense.

One long argument in the Conference concerned the machinery of arbitration to settle difficulties arising from the application of the treaty's provisions. The Soviet representatives insisted that arbitration be carried out by bi-lateral commissions consisting of Austrian and Soviet members. The Western allies, however, suggested that a third arbiter be appointed by the Secretary General of the UN. The Russians fought this suggestion violently, and rejected any proposal that would give Mr. Trygve Lie the power to name the arbiter who would have the decisive vote.

The final preliminary agreement arrived at by the Conference provided that, if, after 3 months, the Soviet and Austrian arbiters could not achieve accord they would have to appoint a third impartial arbiter (Par. 10, Article 35 of the projected peace treaty with Austria).

At various stages of the conference the US and France had reservations as to the wisdom of reaching final agreement on the Austrian peace treaty.

The American hesitations about the treaty were derived from warnings transmitted by US military observers in Vienna that to withdraw allied troops from Austria could precipitate disaster. They pointed out to the fate of Czechoslovakia, and claimed that a communist coup d'état might be staged in case of an allied departure. These objections were ultimately overruled by the State Department.

France's hesitations, too, were based on similar reasoning, with the French military in Austria lining up strongly against troop withdrawal.

The British steadily and unreservedly favored an immediate signing of the peace treaty, particulary Foreign Secretary Bevin himself.

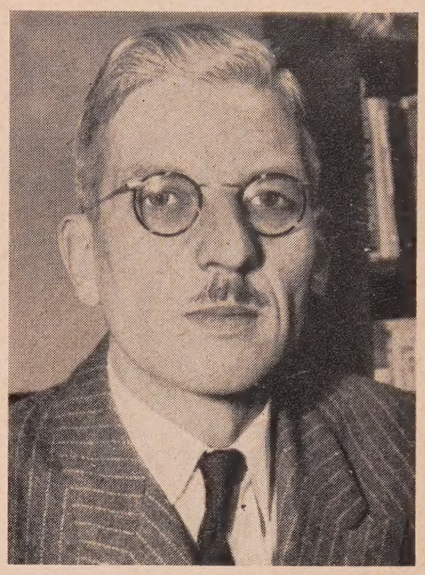
The most important agreements reached so far concern Article 35, longest in the treaty, which sets up details of Austria's future life as an independent nation; and Article 5, dealing with Austria's frontiers and which reads: "The boundaries of Austria will remain as they were on January 1, 1938."

Accord was also accomplished on a third Article, which specifies Russian abandonment of reparations. This Article 34, reads: "No reparation will be demanded from Austria resulting from the state of war which has existed in Europe since September 1939."

The Articles on which there is still some disagreement are 16, concerning the guarantees that no refugees or displaced persons will be repatriated against their will; and Article 17, which contains among the military clauses restrictions to prevent Austria from employing foreign technicians. The Russians demand that this latter provision be included, evidently to keep Austria outside of any Western European defense alignment.

Meantime, the three Western representatives are more than ever convinced that the signing of the peace treaty is not only an act of justice for Austria, but can exert great influence in easing international tensions.

INDEPENDENCE



Dr. Kurt von Schuschnigg—last Chancellor of Austria before the Anschluss in '38.

Although US and French military advisers warned their governments not to withdraw Allied troops, Washington and Quai d'Orsay decided to go along with Whitehall in concluding the Austrian treaty. Russia upset the apple cart.

OCCUPATION

The world-famous four soldiers in a jeep: MPs of the Allied occupation authorities.

SPECIAL REDUCED FARES TO EUROPE

Scandinavian Airlines offers you the choice of two reduced fare round-trip plans for travel abroad:

• 15-day round trips: go between January 1 and March 16, return by March 31, and save up to 36% as compared with regular summer travel. Sample fares: round trips from New York to Copenhagen, Oslo, Hamburg or Frankfurt only $442.70; to Stockholm, $482.30; Brussels, Amsterdam or Paris, $407; London $385 or Teheran $878.60.

• 60-day round trips: you can leave up to March 31. All travel to be completed by April 30. Fares drastically lowered compared to regular summer rates.

Reduced SAS fares combined with the devaluation of European currencies enable you to enjoy a vacation abroad this year at the lowest price ever.

Go now when tourist facilities are uncrowded and more readily available than during the summer rush.

See Your Travel Agent

SCANDINAVIAN AIRLINES SYSTEM

New York • Chicago • Minneapolis
Los Angeles • Seattle

State of the World *continued*

The Ten Men Who Run China

Last month this department carried a UNW First: the Who's Who in Eastern Europe's Politburos. Continuing its survey of the personalities who effectuate Kremlin policy around the globe, UNW presents this exclusive collection of thumb-nail biographies from Communist China.

The undisputed leader of Chinese Communism is *Mao Tse-tung,* President of the Government, Chairman of the Executive Committee of the Chinese Communist Party, Chairman of its Politburo, Chief of its Secretariat, and head of the Revolutionary Military Council.

Mao Tse-tung is called "the Chinese Stalin" not alone because he holds in his hands a formidable array of party and government titles. Like Stalin, he emerged as the victorious leader of his native Communist Party after a stubborn fight against deviations from both right and left.

As author of *The New Democracy,* he has made the most important contribution to Leninist tactics of revolution outside Russia. He is credited with a "vicious cleverness" which he used to create the tactically advantageous impression that the Chinese Communists were "not real Communists at all," but harmless agrarian reformers.

Mao has enough personal stuff for a Tito and there are, in the Chinese situation, objective elements making for Titoism. However, his recent trip to Moscow would indicate that his allegiance to Stalin is at least as intact and reliable as it was throughout twenty years of his leadership of the Communist Party in China.

Together with Mao Tse-tung, the following nine men are emerging as the most powerful and influential figures in directing the destinies of the new China.

Chou En-lai, Premier and Minister of Foreign Affairs. Scion of an old Mandarin family, born in 1898. After the first war, studied in France and organized the French branch of the Chinese Communist Party. From 1928 to 1931, lived in Moscow. Served as a delegate to the 6th Congress of the Comintern. As chief Communist representative conducting negotiations with the Nationalist government under the auspices of General Marshall, acquired reputation for being patient, talented and shrewd.

Chu Teh, deputy chairman of the Military Council and leading military personality of the Politburo. A 64-year-old career officer, studied in Germany and in Moscow. Cooperated with the Kuomintang for a while, but revolted against Chiang in 1927. Led the Long March to Yenan, where he commanded the Communist troops for ten years.

Lin Tsu-han, also called Lin Po-chu, Secretary General of the Government Council and an important member of the Politburo. Son of a rich landlord, received a good education in his native Hunan and later in Tokyo where he met Dr. Sun Yat-sen. Had a leading part in overthrowing the Manchu dynasty in 1911, and became a member of the Central Committee of the Kuomintang, but joined the Communists in 1922. Lived in Moscow from 1926 to 1930.

Tung Pi-wu, born in 1887 in the province of Hupei of a landlord family. Took part in the first Congress of the Chinese Communist Party in Shanghai, 1921. Studied at the Lenin Academy in Moscow in 1924, and headed the Communist Party School in 1936. Represented the Communists in the Central Government during the period of the second "united front" from 1937 to 1945.

Liu Saho-chi, one of the few labor leaders represented in the higher councils of the CCP. Educated in Moscow and is President of the All-

Now, Fly to EUROPE and Back for 40% Less

One-Way Fare Plus 10%; 15-Day Round-Trip, Outgoing to March 16th.

Enjoy same excellent SABENA service and fine meals aboard DC-6 trans-atlantic airliners

Rubens statue, Antwerp.

Belgium has many fascinations — a country of extreme contrasts. Seashore, mountains, beautiful mediaeval buildings, churches, fine hotels, excellent transportation.

Ski lift in winter, scenic lift in summer, somewhere in Switzerland.

Switzerland's scenery at any season is indescribably lovely. Lakes, mountains, great and enterprising cities — everything to delight the tourist.

Germany this year will welcome many visitors to Oberammergau, near Munich, where, after some ten years, the Passion Play is being revived, May 21st to September 17th.

Scene in Oberammergau, where the townspeople are the players in the great religious drama.

SABENA takes you to ALL EUROPE, THE NEAR EAST and AFRICA.

The World Airline with the Extra Margin of Experience

SABENA
BELGIAN AIRLINES

422 Madison Ave., New York 17, Plaza 3-1800
208 S. La Salle St., Chicago 4, Franklin 2-3870
323 Geary St., San Francisco 2, Yukon 2-6922

China Federation of Labor. A Vice President of the WFTU.

Chen Yun, born in Shanghai in 1901. One of the youngest members of the Politburo. Joined the Party in 1924 and participated in the Long March. Among the best organizers of the Party. One of the rare leaders who never left China.

Jen Pi-shih. Another organizational and financial expert in the Politburo. Graduated from the Far Eastern University of Moscow. Founded the Communist Youth League in 1921. Held important jobs in the Kiangsi Soviet and was Director of the Political Department of the Communist Eighth Route Army. Returned to Russia 1939-40. Later became head of the Organization Department of the Central Executive Committee of the Party.

Kao Kang, a peasant from Shensi, he had no formal education. Learned to read and write at the age of 33. Joined the Communist Party in 1926. Led an uprising in his native province and established Soviet rule there before the army detachments of the Long March arrived. Never left China.

Li Li-san is the enigma of Chinese Communism. He is the defeated rival of Mao who has now reappeared on the scene, tempered by many years of corrective indoctrination in Moscow. Apparently still outside the Politburo, he is already back in the Central Committee of the Party. He returned in 1945 with the Soviet Army which occupied Manchuria. Once independent and impetuous, he now acts as a loyal Stalinist and a careful politician. A dramatic reconciliation took place some time back with Mao, who once ousted him from the top position in Chinese Communism. At a recent congress of the Asian trade unions, he praised Mao's leadership and humbly confessed his own transgressions: "I myself have committed serious mistakes [of reckless 'adventurism'] and therefore feel deeply about this historical lesson."

In spite of his humility, Li may still be Moscow's Trojan Horse Num-

Announcing!

THREE
united nations WORLD *books*

THE NINE LIVES OF EUROPE

by Leo Lania

VIVIDLY showing the real crisis in Europe today, Leo Lania describes the present economic and political conditions of Europe and analyzes its spiritual and intellectual development since the end of the war. A highly readable study of Europe today, including an excellent evaluation of the British Socialist experiment, a discussion and solution of the German problem, and a foreign program for America that could benefit both Europe and America..... **$3.50**

Coming February 27

PEACE BY INVESTMENT

by Benjamin Javits

MR. JAVITS proposes a bold new plan geared in scope to the task of world economic recovery, reconstruction and regeneration that faces us. It offers a social invention—the creative and conscious and cosmopolitan use of credit that will afford us an effective and practical way of achieving the ends now inadequately pursued by United States foreign economic policy: to contain the spread of Communism, to expand world trade, and to buttress world economic stability by means of diffusing economic well-being, American model, around the globe..... **$3.50**

Coming March 10

UN SKETCHBOOK

by Derso and Kelen

A UNIQUE, fascinating cartoon history of the United Nations by the world-famous political cartoonists, caricaturists, psychologists and diplomatic journalists. A continuation of a series of publications which started in 1922 tracing in cartoon form the history of international cooperation and collaboration since Versailles. This, their first American book, tells the story of the UN since its inception in San Francisco, and includes such important figures as Baruch, Cadogan, Trygve Lie, Molotov and all the others..... **$2.85**

Coming April 17

ORDER YOUR FIRST EDITION WITH THIS COUPON

FUNK & WAGNALLS COMPANY
153 East 24th St., New York 10, N. Y.

Please send me when published the book(s) I have checked for 10 days' free examination on approval. Ten days after receipt of the book(s) I agree to remit the price plus postage, or return the book(s) postpaid.

___Lania's THE NINE LIVES OF EUROPE at $3.50
___Javits' PEACE BY INVESTMENT at $3.50
___Derso & Kelen's UN SKETCHBOOK at $2.85

Name.....

Address.....

City..... Zone..... State.....

UN-1-50

ber One in the Mao regime. The analogy between him and the Eastern European Communist leaders who were shipped back from Moscow and displaced the leaders with a local background, is too striking to be overlooked.

These then are the men whose convictions and talents will shape the things to come in Asia.

Cracks In The Soviet Bloc

Moscow's major dilemma is not how to eradicate the Tito regime but how to prevent the contagion of Non-Bolshevik Communism from spreading to other Eastern European countries. Despite the Cominform call for war to the death, after its secret meeting at the Hungarian resort Kékes last November, the indications are that Moscow is not preparing for drastic action. While watching Yugoslav developments with an Argus eye, and alert to seize any opportunity to liquidate Tito and his aides, Moscow would actually be willing to play down his defiance at least temporarily, were it not for its fear that the "disease" of Tito's heresy might become epidemic.

In today's diplomatic sweepstakes the favorite of the West—and Russia's chief worry—is now the pink stallion of "national communism."

Are the communist-controlled regimes of Eastern Europe potential Frankensteins threatening to turn against their creator? Moscow has an argument when it insists that only Soviet military victory and the prestige of the USSR made it possible for the "new democracies" to emerge. Yet some of the new rulers of formally independent countries acknowledge their gratitude to Moscow and their duty to their own countries in the same breath. The extension of Titoism beyond the borders of Yugoslavia must therefore be appraised not as hair-splittings in Marxist dogma, but as a power conflict between the interests of the Soviet state and the interests of the individual Eastern European countries as seen by their own communist chiefs—at least those who

are unwilling to be mere Moscow errand boys.

In the order of their potential explosiveness the friction points are: Germany; economic exploitation; land collectivization; national hatreds.

Germany is viewed as a threat by Eastern Europeans, and particularly by the Póles and the Czechs. For the Soviet Union, Germany is an alluring prize. German unity under the red banner is a major Politburo goal. But neither communist Czechoslovakia nor Poland can be made to feel really happy about it. The prime ministers of both are, symbolically enough, former inmates of German concentration camps.

During the past 13 months the governments of the countries in the Soviet orbit have been persuaded to issue statements about the need for benefits of German unity. But they liked the idea no better than do most French politicians. They greeted with enforced "enthusiasm" the establishment of the eastern German republic; but they cannot entirely hide their misgivings about the role which Moscow in its future plans may assign to Germany. The appointment of Marshal Rokossovsky as head of Poland's Army was a somewhat clumsy attempt on the part of Moscow to reassure the Poles. Indeed his first order of the day after his overnight change of citizenship and uniform stressed the immutable character of the Polish frontier on the Oder and Neisse.

This is, of course, not binding on the Russians who may one day reverse themselves should it suit them to offer a restoration of the frontier as a come-on for the Germans. This is precisely what bothers the Poles, including many Polish communists. Similarly it may also suit Moscow to pressure the Czechs into readmitting Sudeten Germans for whose expulsion Prague communists claimed—and received—credit which did much to make their stock rise. But even the

PLAN TO TRAVEL OFF SEASON!

Visit Europe when the winter season is in full swing! When the Europeans you want to meet are at home . . . When you can play or work at your heart's content!

Write to:

UNITED NATIONS WORLD

NAME_____

ADDRESS_____

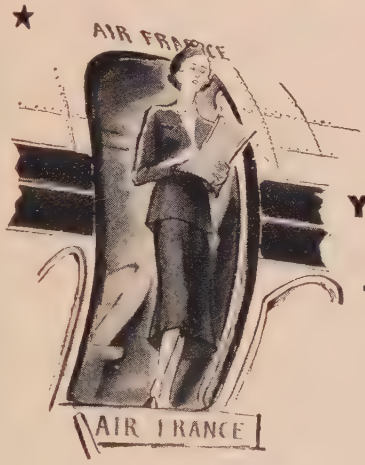
CITY_____

Yes, EVERY DROP 25 YEARS OLD!

No Scotch takes the Place of Ambassador!

ALSO AVAILABLE
Ambassador 12 year old Scotch

BLENDED SCOTCH WHISKY, 86 PROOF
IMPORTED BY QUALITY IMPORTERS, INC., N.Y.



YOUR *Magic Doorway*

TO EUROPE, AFRICA
THE MIDDLE EAST

At Lowest Fares Ever

Now, more than ever before, is the time to go abroad . . . on business, pleasure or study. For these special 15-day fares are the lowest in transatlantic air travel . . . *only* one-tenth more than the regular one-way fares. Air France flies you to Paris in only 15½ hours from New York in luxurious, newest-type Constellations. Flying comfortably above the weather you enjoy air travel at its best . . . thoughtful, pleasing service . . . fine vintage wines or champagne to enhance superb cruisine.

SPECIAL 15-DAY ROUND-TRIP FARE New York to Paris
$407.00

Effective to March 15 *(Similar fares to other destinations)*

When you go . . . GO

AIR FRANCE

31 YEARS OF OVERWATER FLYING

DAILY FLIGHTS FROM NEW YORK . . . One flight weekly from Boston. Apply to your TRAVEL AGENT or AIR FRANCE, 683 Fifth Avenue, New York 22; 415 Boylston Street, Boston 16; 1627 "K" St., N.W., Washington, D.C.; 37 S. Wabash Ave., Chicago 3; Esperson Building, Houston; 510 W. 6th St., Los Angeles 14; 210 Post St., San Francisco 8.

SHOW More to More American Buyers!

SELL More for More American Dollars!

Here, at one place, at one time, you will reach more dollar-rich American buyers than you could in a dozen business trips abroad! Thousands of American buyers, thousands of buyers from the world over will flood Chicago... eager to see... ready to buy at this first all-embracing, truly international trade fair ever held in the United States. Remember, you will be showing and selling right in the very heart of the fabulous dollar market—in Chicago, the merchandising center of the United States. Write today and learn how you can profitably participate in this huge all-important international market.

Nearly 1,000,000 square feet of display space in Chicago's largest exhibition halls will be devoted to this tremendous business event. Remember, the whole world will be there.

MAIL THIS COUPON TODAY

FIRST UNITED STATES INTERNATIONAL TRADE FAIR, MERCHANDISEMART
DEPT. H, CHICAGO 54, ILL. U. S. A.

Please send me details on my firm's participation in the first UNITED STATES INTERNATIONAL TRADE FAIR.

Name_____

Firm_____

Address_____

City_____ Country_____

SOW *continued*

prospect of any such shift makes many Czech communists miserable and tends to breed "nationalist deviations."

Milking the Friends

The Soviet Union's economic exploitation of Eastern Europe remains another source of dissatisfaction and disaffection. The real reason for Kostov's troubles in Bulgaria was that he vigorously opposed the onerous and unfavorable conditions of trade imposed by the USSR. All the countries in the Soviet sphere want to industrialize, yet under the Molotov plan some are being held down to being merely suppliers of food and raw materials. To be sure, Moscow favors all-out industrialization in Poland and Czechoslovakia and some industrialization in Hungary. But it has refused to give anything beyond lip service to the industrialization plans in Bulgaria, except for pushing the output of soft coal and bauxite. From the Kremlin's standpoint this program may be economically justifiable and work for more "integration." But nobody really likes the role of being a junior partner in the millennium.

Moscow's approach to the peasant and his use of land has fostered stubborn, if concealed, opposition among the Communists of the other Eastern European countries. Mere mention of the word cooperatives is offensive to the peasants despite propaganda to the effect that any land reform will be gradual and voluntary. In protest against the collective farm idea, the Polish peasants slaughtered their livestock for home consumption and refused deliveries to the markets, causing meat shortages in Warsaw.

Collapse, but Don't Deviate!

A number of Communist leaders now feel that to alienate the peasants is to jeopardize the stability of their national economies. However, Moscow cannot tolerate any successful pattern which does not exactly duplicate the Soviet model. Its very success could create unrest within Russia.

in Britain

TRAVEL MEANS BRITISH RAILWAYS

Secure your transportation and reservations before you leave and right from the British port of entry save 25% on ordinary fares for individual tours.

BRITISH RAILWAYS FACILITIES ARE COMPREHENSIVE—

- Rail transportation covering the British Isles
- Attractive rail, motor coach and steamer tours also conducted Motor Coach Tours of London
- Cross channel services to Ireland and the Continent
- 47 Hotels operated by The Hotels Executive, British Transport
- British European Airways Corp. routes in the British Isles.

ADVANCE RESERVATIONS FOR ALL SERVICES

1950—HOLY YEAR . . . BRITISH RAILWAYS—THE PREMIER LINK TO THE CONTINENT . . . Include a visit to the famous shrines of Britain and Ireland.

CONSULT YOUR LOCAL TRAVEL AGENT OR ANY BRITISH RAILWAYS OFFICE

BRITISH RAILWAYS

For British Isles Travel Literature with color map, write Dept 35 at any of these offices:

- NEW YORK 20, N. Y., 9 Rockefeller Pl.
- CHICAGO 3, ILL., 39 So. LaSalle Street
- LOS ANGELES 14, CAL., 510 W. 6th St.
- TORONTO, ONTARIO, 69 Yonge St.

NOW! RATES REDUCED 13% on the world-famous MANCHESTER GUARDIAN WEEKLY

BRITAIN'S pound devaluation now gives you an opportunity to enjoy the fearless comment of the famous *Manchester Guardian*, weekly air edition, at the lowest rate in years. *And you take no risk in subscribing!* Read the coupon for our unusual refund guarantee.

If you like progressive, independent thinking on world affairs—if you like intelligent, contrary opinion—subscribe to the *Guardian* today. The Weekly Air Edition arrives in New York the day after it appears on London newsstands and brings you the cream of the previous week's features in the daily *Manchester Guardian*. Departments include: (1) This Week, front-page report on world issues (2) Editorial comment and criticism (3) Foreign dispatches from correspondents like Alistair Cooke in New York (4) Articles of unusual literary, political and social interest (5) Books of the week (6) Plays and films (7) Business and finance.

MONEY-BACK GUARANTEE! Mail the coupon with $2 for the next 20 issues, or only $6.50 for a full year, a 13% saving under the old rates. Money back within four weeks if not delighted. The *Manchester Guardian*, 53 E. 51 St., New York 22, N. Y.

SPECIAL OFFER! 20 weeks, only $2

The Manchester Guardian, K1
53 E. 51 St., New York 22, N. Y.

Please enter my subscription at your new low rates, as checked below. If not satisfied after seeing your four issues, I may cancel and get a full refund. My payment is enclosed.

☐ One year $6.50 *(formerly $7.50)* ☐ 20-week trial, $2 *(formerly $2.50)*

Name .....

Address .....

City..... Zone.... State.....

Spring in SCANDINAVIA

OUTDOOR CAFE, DENMARK

FJORD IN NORWAY

MAYPOLE DANCE IN SWEDEN

More for Your Travel Dollar

Spring in Scandinavia is a thrilling experience—Denmark's emerald-green beech woods and park-like countryside, Norway's majestic fjords in fruit-blossom time, Sweden's white-birch and red-farm loveliness. This is Scandinavia—a scenic wonderland, its beauty enhanced by sunlit nights.

There's so much to see and do and learn in Denmark, Norway and Sweden. Travel in spring and early summer is delightful: good hotels and restaurants less crowded, theatres, concerts, exhibits in full swing. You'll have a real chance to see Scandinavian life at its normal best.

Off-season rates now put this beautiful trip within the reach of all. See your travel agent for reservations.

FREE! *Educational travel and color booklet, "Scandinavia Invites": Write Box K,*

SCANDINAVIAN NATIONAL TRAVEL COMMISSION
50 Rockefeller Plaza, New York 20, N. Y.

UNDERSTANDING...THROUGH TRAVEL ...IS THE PASSPORT TO PEACE

Hence the Soviet pattern of collectivization is going to be repeated everywhere no matter what the cost.

Among grievances of the Eastern European countries within the Soviet bloc are the intangibles of national pride and national hate. The textbook Communist is free of such weaknesses, but in reality this isn't true. The USSR has decreed that the age-long animosities between Slovaks and Hungarians, Czechs and Slovaks, and the like, must disappear. While this might be both boon and blessing for Eastern Europe traditionally torn asunder by smoldering strife, the average Hungarian or Czech or Slovak Communist still wants the chance to express his antagonism. Feelings of superiority among Hungarians, and pent-up resentment for past oppression among Slavs, have existed for centuries.

Since Stalin among other things is a professional Eastern European, he understands this psychology better than anyone else. But in this regard even his policy has to be adopted to the iron mold of the Soviet state.

9 ways TO SHOW A PROFIT on your 1950 shipping

If you ship internationally and are serious about cutting costs in 1950, write today for your copy of this new folder showing 9 ways the pioneer in international freight forwarding can actually help you show a profit over your present costs.

AIR EXPRESS *International*

...and its subsidiary, SURFACE FREIGHT CORP.

467 Greenwich St., New York. DIgby 9-3900

The Pioneer of International Air Freight Forwarding

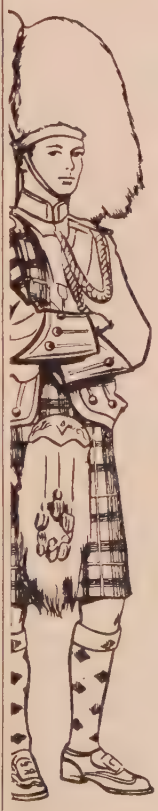
Cable Addresses: Airseaex-Surfreight-Travcoways

San Francisco, Calif. YUkon 2-0575 — Miami, Fla. Miami 3-4796 — New Orleans, La. Magnolia 1558
Los Angeles, Calif. Oregon 8-4346 — Houston, Texas Fairfax 8157

Send a cup o' Kindness

to your friends, relatives and business associates in GREAT BRITAIN . . .

or to yourself, if you plan to travel in the BRITISH ISLES



order here in America

Scotland's Finest Liquors

delivered anywhere in Great Britain within a fortnight!

Priceless is the age-old skill of the Scot! Into fine whisky he coaxes the gossamer stuff that dreams are made of. Yet for the Briton, as for other nationals who dwell with him, these fine whiskies are unprocurable except in *one* way: through exchange, in America, for American dollars. You can assure yourself of a friend's warmest tribute . . . or your own uninterrupted custom while abroad . . . if you order these precious whiskies, through the offices of Huntley-Withington, Ltd. Delivery will be effected within a fortnight, direct from the distilleries. Gentlemen, your pleasure!

Old Smuggler Scotch Whisky	*Drambuie Liqueur (Cordial)*
1 bottle, 4/5 qt....$6.00	1 bottle $8.75
3 bottles, 4/5 qt...17.50	3 bottles 25.50
6 bottles, 4/5 qt...34.00	6 bottles 50.50
12 bottles, 4/5 qt...67.00	12 bottles 95.50

Forward your order by letter, telegraph or telephone
DELIVERY UNCONDITIONALLY GUARANTEED

Huntley-Withington, Ltd.
Overseas Division
521 Fifth Ave., Suite 1208AA, New York 17, N. Y.
MUrray Hill 2-6557

Ask for our 24 page catalogue including nourishing foodstuffs

THIS BRITISH INFORMATION SERVICE FEATURE RAN IN 400 U. S. NEWSPAPERS

By Invitation

Wool Begins to Come Indoors

A LIGHTER FUTURE, with the emphasis on indoors wear, is planned for woolens by the British, long famed for their tweeds and other out-of-doors, all-wool suitings. Here are four suggestions, all in new, fine, light wool, they demonstrated at a recent parade of models in London. Top left: Dawn-blue negligee, cut on extremely full lines. Top right: White lace housecoat, with shawl collar and full skirt. Bottom left: Housecoat in old rose, with black-and-white check cuffs and collar. Bottom right: Delaine nightgown, with shoulder straps of cream lace threaded with blue silk. A section specially devoted to Britain's latest textile advances will be featured at the London branch of the next British Industries Fair, May 2 thru 13.

The function of information is to inform—a function which it doesn't perform in the bottom of an editor's wastebasket.

The best way to avoid this waste is to be sure in advance that the information you release is *wanted* by editors (like that weekly feature from the British Information Service depicted above, which was ordered in advance, and published, by more than 400 U. S. newspapers).

Western Newspaper Union, through its close affiliation with several thousand U. S. newspapers, is able to help you supply editors with the kind of information they want. Our service, which is unique in the publishing field, entails the preparation of information in special, easy-to-use mat form, queries to newspaper editors in advance with samples of the information offered and distribution of the material *only to editors returning an order blank asking specifically for it.*

The final step in the operation is the submission to clients of tear sheets—proof that the information has been published.

This service is effective and inexpensive, and Western Newspaper Union is the only organization which offers it. (The example from the British Information Service is typical—other WNU-distributed information features enjoy steady acceptance by even more newspapers.) It will pay you to look into it. For details, drop a line to:

ALBERT L. RAMSAY, *Manager*

Western Newspaper Union

310 East 45th Street, New York City, MUrray Hill 9-4700

ited Nations WORLD Magazine January 1950

The Blunder That May Destroy The West

By A. A. BERLE, Jr.
Former US Assistant Secretary of State

There is no greater danger for the US and the West than to line up with reactionary factions and to disregard democratic socialist forces as decisive in the fight against Stalinism.

When former Secretary of State James F. Byrnes declared recently that Socialism and Communism are identical perils, he typified an error which prevails even among responsible Americans. In this article, Mr. Berle points out that failure to grasp the meaning of socialist movements and motivations can sunder the Western community of nations.

OUTSIDE the Iron Curtain, organized Socialism is a major non-Communist force. Either as a governing party in power (as in Great Britain), or a party collaborating in a governing coalition (as in Italy until recently and in France at present), or as principal opposition party as in New Zealand and Australia, Socialism represents at least as many people as do non-Socialist parties throughout the Western World.

When, therefore, any considerable body of American opinion begins to lump Socialist parties and governments with Communism, it is cause for concern. Able and sincere statesmen sometimes fall into this error. For instance, former Secretary of State James F. Byrnes, speaking at Biloxi on November 21 last, proposed that America wage an ideological "cold war" against Communism on principle, adding that this should be an ideological war on Socialism as

The Blunder That May Destroy *continued*

well. "American thought might be led over a bridge of Socialism into a police state," he said; and the implication was that Socialist governments anywhere were merely a transition into the waiting hands of the Kremlin.

This conception, vigorously urged in some quarters, is so wide of the fact, and so dangerous, that it deserves answer. We can smile a little at local American political campaigning. Obviously, a conservative running for office may try to get votes by attempting to identify a liberal or Socialist opponent with Kremlin Communism. That is politics, and need not be taken too seriously. When, however, effort is made to influence American foreign policy along those lines, the safety both of the United States and of world organization is imperiled.

Socialism: No Prologue to Communism

The demonstrable fact is that Socialist governments and parties do not lead towards a Communist state. They have in fact been the bitterest opponents of Stalinist Communism. There is no recorded instance in which assistance to a Socialist country has ever constructed any bridge towards Communist police state organization. The more dangerous fact is that, if the United States assumes the view urged by Mr. Byrnes, America would isolate herself from much of the free Western world, cutting adrift huge countries and territories which are now and will continue to be buttresses of freedom.

At date of writing, one country is frankly Socialist. Great Britain. Until a few days ago, two other vitally important countries, New Zealand and Australia, were likewise Socialist, though in a recent shift both have elected conservative governments. In Scandinavia, Norway is Socialist while the Social Democrats hold power in Sweden. In Belgium, the dominant party is Christian Socialist; the second largest is old line Socialist. The Netherlands is at present governed by the Catholic Party, but the next largest party, nearly equal in representation, is the Labor Party which is Socialist. And so forth.

Out of countries like these world organization must be built, regional defense arrangements like the Atlantic Pact must be erected, and the free world defended. If we push into the Stalinist orbit every country in which Socialist parties are dominant or powerful, the United States is simply backing itself off the map.

The record shows that Socialist governments and parties have a stronger interest than any other in preventing subversion of their countries. The Socialist parties of the Continent, and the Labor parties of the British world, grew out of the European Socialist movement in the late Nineteenth Century. Practically all of them were represented in the so-called "Second International." When the Leninist Communists succeeded in gaining control of the International by an extremely narrow majority, the minority or Socialist groups promptly seceded. From then out, the Communists in every propaganda statement, designated these Socialists and liberals as their Public Enemy No. 1. Socialists were a prime target when the Third International was organized in March of 1919 though the Communists attempted to take over the word and the name. In Russia extermination of non-Communist Socialists as "class enemies" was a primary Leninist concern.

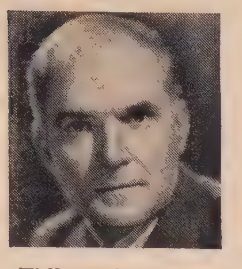
Moscow Prefers the Fascists

This concern has never abated. Much of the Communist propaganda, and more of their international intrigue and local "smearing," has been directed against Socialists even than that directed against Fascists, Nazis and outright capitalists. From time to time the Kremlin has made treaties with Fascist governments, like the Hitler-Stalin Pact of 1939, and Com-

In Stalinist Russia, dissemination of impartial news and analysis ranges from Pravda to Izvestia—the main Communist organs. In Socialist Britain, news gets a better break: it is covered by Independent, Conservative, Communist, Labor and Liberal papers.

Communist Chieftains Owe Their First Hatred to Socialist Leaders

Communist



William Gallacher

BRITAIN

Maurice Thorez

FRANCE

Palmiro Togliatti

ITALY

Wilhelm Pieck

GERMANY

Socialist

Clement Attlee

Leon Blum

Giuseppe Saragat

Kurt Schumacher

munists occasionally support them internally, as Communists do not oppose the Peron dictatorship in Argentina. But there is not a case on record in which they have abandoned opposition to Socialism.

There is, indeed, one instance of attempted infiltration of a Socialist Party by the Communists. This is the famous Communist-Socialist coalition in Italy. It is the exception that proves the rule. During the American campaign in Italy in 1943, all hands joined in common resistance to the German occupying troops. Socialists, Communists, and conservatives cooperated in a general underground movement. Particularly in the north of Italy, the Communists were well organized. Upon surrender of the German armies, when the Italian Socialists re-emerged after their suppression by Mussolini, they were well infiltrated with Communist cadres. The Socialist leader, Nenni, agreed to a unified front with the Communist leaders, Togliatti and Longo. In the first nation-wide Italian election there was a serious possibility that this united front might have a majority. American policy at that time was unclear, a widespread belief being created that the United States wished this united front. A group of right-wing Socialists led by Saragat then seceded, made common cause with the Catholic Centrists led by de Gasperi, and this Socialist margin was the precise balance of power which prevented Italy from falling under a pro-Communist Government. For a year or so, de Gasperi's Cabinet, with Saragat as Vice Premier, maintained itself because of Socialist votes. The situation is a special one —but it indicates that when Kremlin Communism is concerned, the convinced Socialists wind up on the other side.

Pretorian Guard for Democracy

Through the long and tangled history of war and postwar politics, the division is plain and permanent. Communists, seeking to obtain or in power have had to fight, and have fought, Socialists in all their manifestations. In Poland they "liquidated" the peasant party under Witos. In Yugoslavia the Peasant-Socialists under Machek were destroyed. Communists fought German Social-Democrats under Schumacher, and a French Socialist government under Blum.

Principles aside, the pragmatic results suggest indeed that the chief political instrument against Stalinist Communism is precisely support of the Socialist groups. No Communist revolution has yet taken place in any western country not under occupation of, or surrounded by Russian armies, though most of Western Europe has bene governed in whole or in part by right-wing Socialists in the postwar period. It took the full force of Russian occupying troops, and the limitless cruelty of Russian Secret Police to wipe out the Agrarian-Socialist Government in Poland, the Small Holders Agrarian and Social-Democratic parties in Hungary, Bulgaria and Rumania. Domination of these parties by Communists became possible, not because the Socialist Party was a "bridge" to Stalinism, but because a Russian soldier with a rifle or an M.V.D. secret agent could and did shoot or imprison any opponent who did not save himself by flight. The apparent exception, Czechoslovakia, had been occupied by Russian troops and more or less purged, and at the time of its Communist seizure was ringed about on three sides by overpowering Russian force. Behind the Iron Curtain, Socialist governments have fallen to Stalinism; but

the process was by conquest.

Where Russian troops and Fifth Columns could not conquer, they failed. They failed in France in its most crucial period, where a Socialist, Leon Blum, held the fort up to and through the Communist attempt to seize that country by internal political methods approximating civil war as late as December, 1947. They failed even to get a foothold in England, which has been frankly Socialist under Attlee since the end of the War. They failed in Italy as we have seen, due to a compact margin of convinced Socialists under Saragat and young Matteotti. They failed in Norway, though the Norwegian Labor Party was one of the last before World War II to accept Stalinist hostility as inevitable. That party, by the way, committed Norway, a country in singular danger, to join the Atlantic Pact. Such is the political-diplomatic record.

We may turn briefly to the ideological possibilities. Those who regard Socialist movements as somehow in danger of proving a way-station to Communism must base their case on this ground, if any.

The Rightists Hit the Wrong Spot

American conservatives in the main fear social legislation and have a still greater fear of state ownership; and certainly have no faith in state intervention in economics. They have a perfect right to these views just as do Socialists in arguing in favor of all these measures. But it is a poignant and tragic mistake to confuse any of these issues with the issue of Stalinist Communism. Stalinist Communism has long since discarded the basic idea of Socialist and Socialist democratic principles. That basic idea was and is protection of the individual: a search for an economic form giving the individual the same degree of self-expression in the economic field that democracy gives him in politics. Stalinist Communism on the other hand asserts the complete subjugation of the individual to the mass, holding the doctrine that man is significant only as a part of a huge conglomerate, non-individual stream, directed by a dictatorship.

Communism is a Russian Cause

Today, of course, Stalinist Communism is so frankly imperialist that it adds doctrines purely Nazi in content. Its mass must achieve its objective only by serving Soviet strength and must expand and develop only under the leadership of Russians. To a Communist, there can be no victory for Communism except through the triumph of Russian world empire. No Socialist has ever been hospitable to that idea—or ever could be.

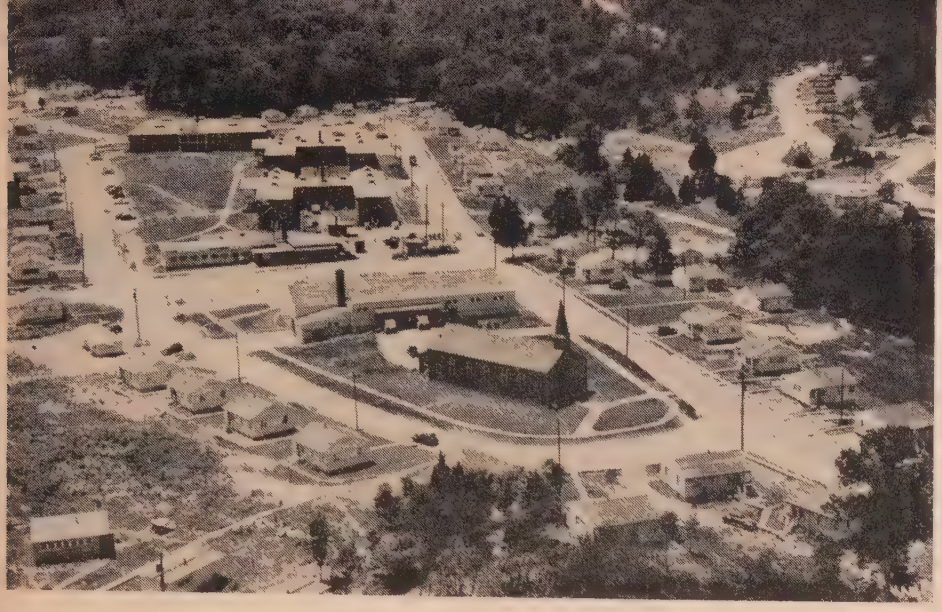
I happen not to be a Socialist myself; and do not argue the case for their beliefs. But I, like any honest student, can say, dogmatically, that Socialism now has nothing in common with Communism. A cartel, or a large American corporation, might find common ground with a Communist commissar more easily than a British or a Continental Socialist.

Finally, there is an issue of principle here which no one believing in world organization can discount.

Development of the social and economic organizations in each country, of necessity, must be the task of that country itself. Men cast away in an open boat with short rations are Socialist by hypothesis; they ration food and water, put a committee in charge of distribution, and regulate to the last degree. The same men assured of plentiful supplies become individualist at once. Nations today run the whole gamut from populations in deficit areas on short rations, to populations living in great productive areas. Degrees of necessity differ. Social organization differs with necessities. Also, each country has its own traditions and habits, its own desires and estimates of social values. Scandinavians automatically seek cooperative associations; Frenchmen automatically seek separate citadels of private holdings. Englishmen, for a century, have sought a better distribution of wealth and have felt the necessity for raising living standards of depressed working classes; being a small country which lives on its organization, they seek the answer in organization. America, with much the same motivation, but with a huge country of great resources, seeks the answer by bringing opportunity within the range of every individual, and leveling out the more disagreeable incidences of the capital system, such as unemployment. No country is entitled to dictate to any other how it shall solve its problems. We should not, for that matter, particularly concern ourselves with Stalinist Communism if it were not aggressive and imperialist; Russia must find her own norms. International organization must be built on cooperation between different systems if it is not to become international tyranny. Socialists, like capitalists, or democrats, accept this view. Stalinists do not: this is perhaps the fundamental reason why Stalinism, like Mohammedanism a thousand years ago, through its aggression threatens the peace of the world.

A Different Road to a Common Goal

To that threat, Socialism is one of the great defenses. Socialism deals with the problems that Communism claims to answer and talks to the classes of people which Communism claims as its primary support. Its solutions would not be acceptable to most Americans; but they have been acceptable to many peoples throughout the world. Philosophically, Socialism proposes a different way of achieving objectives on which Americans agree. Pragmatically, the Socialist governments and Socialist parties have invariably cooperated with the free West save where they were under the heel of an invading army. Respect for Socialist governments in the vast international picture of today is needed if the Western world is to hang together.



This makeshift village in Tennessee was the beginning of the happy little town whose community life is planned today along almost socialist lines.

The Real Secret Of Oak Ridge

By LEO LANIA

KNOXVILLE, Tennessee, is among America's uglier cities. But as soon as you leave the drab and dirty downtown section, you are enchanted by the scenery of the Smoky Mountains with their fairyland charm. The highway follows a foaming river, cuts through little quaint villages which have not changed a bit in the last hundred years and climbs to the wooded heights. Each turn opens a new vista on deep valleys and narrow gorges. This is a paradise for hunters and fishermen, a country untouched by modern civilization.

In one of these valleys, almost completely isolated from the outside world, lies a unique town. Ten years ago a wilderness, five years ago a camp of 120,000 people who lived mostly in tents, improvised barracks and trailers, Oak Ridge today has a permanent population of more than 30,000.

A broad and well-paved avenue unwinds through the residential section. The homes are simple and largely of wood, painted white and surrounded by friendly lawns. At the first turning stands the medical center, one of the most modern and best equipped in America. Further down the road are a school and a nursery and the recreation center, a sprawling wooden structure—which is both club house and civic auditorium.

To the right the main street passes a dozen tennis courts and leads up a hill. This is the business center. Elegant shops of men's and women's apparel, leather goods, jewelry, tempt you with their window displays. There is the inevitable drug store with its soda fountain, and the movie.

At the first superficial glance you wouldn't suspect the uniqueness of this town; but then, you see the barbed wire fences which border its area in a wide crescent. Behind those fences are the plants and laboratories which are the heart of Oak Ridge.

While the experiments which are conducted day and night behind those barbed wires are America's most effectively guarded secrets, there is one experiment which every visitor can witness freely and which is perhaps no less remarkable: Oak Ridge is a socialist community. Certainly there is not a city or town in Socialist Britain where the whole life of its inhabitants and their material existence are shaped in more complete

Oak Ridge *continued*

accord with socialist patterns.

You cannot own any land or house in Oak Ridge. Homes are only for rent, which ranges from $30 to $85 a month. If you want to open an office, a drug store, a restaurant or a shop, you apply for a license and if you get permission to start your business, your rent is fixed on a sliding scale depending on your revenue. You are not allowed to make more than 10 per cent profit. The proprietor of the local drug store, for example, has most of his earnings siphoned off into a rent of $100,000 a year.

Unlike residents of any other village, town, or city in the United States, nobody can become a resident of Oak Ridge by an act of his own free will alone. Whether employed at the atomic energy plants and laboratories owned by the government, or at Carbide and Carbon Chemicals, a private corporation, or even if he is a retailer, he must in every case first be screened by the FBI before he can live here. Oak Ridge is, therefore, at least inferentially, the most perfectly non-subversive community in the United States.

If ever a town deserved to be called a "boomtown," Oak Ridge certainly would qualify for that description. But in this boomtown, no one has been allowed to gain from the miraculous expansion of its population, no one has been able to embark upon the road of free enterprise, or rugged individualism. No one has been permitted to take advantage of the many business opportunities the city has offered and to turn them into private profit.

"Business is excellent," the owner of a men's wear shop told me. "Back home in Montgomery, if my store would do half as well, I would have made a fortune in one short year. Here I just manage to earn my living. On the other hand, I don't have to worry about competition and falling sales either."

The per capita income of Oak Ridge is higher than that of any other industrial community in the United States. Wages for unskilled labor begin at $1.60 an hour. The range of

The shopper is sheltered from both rain and sun as she hurries or window gazes on her way to market. She can purchase anything, all the way from steak to finery.

In the drug store on whose profits the government has placed a ceiling, the townspeople and scientists alike stop for a relaxing ice cream soda or to exchange gossip.

Apparently unaware of the momentous goings-on about them, the children of Oak Ridge play happily at their Nursery School on sliding ponds and in sand boxes.

income, however, is quite limited—extending from the $50 a week paid to the janitor, to the $250 a week for top scientists or administrative directors of the atomic energy project itself. Out of the total population of some 32,000 less than 100 individuals have an income of $10,000 a year or more.

No Home Rule

The town is managed by the Roane-Anderson Company, which functions as agent for the government. The bus companies as well as the hospital are subsidiaries of the Atomic Energy Commission which reports directly to Congress and which remains the supreme authority in all affairs affecting life in Oak Ridge. Even the City Manager has been named by the Atomic Energy Commission. Residents do not have the right to elect their mayor or other municipal officers, but only the so-called town councilmen who act as liaison between the people and the City Manager. They can consult and advise only, lacking the power to enact any legislation on their own. Residents, of course, retain their right to vote in national elections. In 1948 the town went for Truman 8 to 1.

Dr. X, a surgeon and skin specialist, whose home was originally in North Dakota settled in Oak Ridge after the war. "My wife was first not too keen about moving into a community which didn't seem to offer you any bright future," he explained to me. "But after the first year, we found out that we wouldn't like to live anywhere else. This is a city of young people. The birth rate is the highest in the nation and the death rate is lower than average since the average age is 31 years. I am in my early 40's, but probably the oldest physician in town. The facilities for research and study in my special field are extraordinary, and as far as my wife is concerned, she has found here a far more stimulating intellectual and artistic atmosphere than in any of the big cities. We have lectures and concerts every day of the week. We have our country club with its excellent golf course and a very congenial social life. If I only could buy a piece of land and own a home—you understand, not because I am a capitalist, but just to feel more rooted here."

The yearning to own a home of one's own is widespread. Some 18 months ago, a movement to have Oak Ridge incorporated as a city was begun, for incorporation would enable its residents to buy and sell real estate and develop it as they might please. More recently this campaign has petered out.

Not only the material life, but also the social relationship of Oak Ridge residents are unique. Democracy is more than a political idea—it is an act of daily existence. The foremost scientist and the worker live side by side. There is no "exclusive" and no slum neighborhood. And since the people of Oak Ridge have come from every state of the nation—and many from overseas—Oak Ridge is the ultimate expression of the melting pot idea.

An evening in the auditorium gave me a revealing insight into the thinking and feeling of the intellectual group which obviously comprises a larger segment of the population than in other places of like size. Most of the young men and women who participated in the question and answer period on world affairs advanced a definite liberal and progressive point of view. Yet there was nothing of the radical absolutism so prevalent in our university and college towns—an attitude often converted into syncicism, or nihilism, or Communism, all equally dangerous. I was impressed by the well-balanced and thoughtful criticism of our foreign policy and the realistic, as against the hysterical, evaluation of Russia's political strategy and aims. The idea of the United Nations has firm roots in Oak Ridge.

Even more surprising is a marked difference between the young scientists and their counterparts in the European countries. While over there the scientist tends to look upon himself as a superior being, separated from the average citizen by his special background and higher intellectual accomplishments, the men and women of Oak Ridge have achieved a far healthier attitude towards the daily life and problems of their fellow men. This broad world outlook is a safeguard against a too rarified and cerebral climate. The spiritual air in the auditorium was fresh and easy to breathe.

It is therefore not surprising that the atomic bomb occupies the off-the-job thinking of the people of the City of the Atom to a much lesser degree than an outsider would expect. The use of atomic energy for peaceful purposes, for industrial development and especially for medical research command a more intense interest.

How does the intellectual, the scientist react to the socialistic concept of life? Does he complain about the regulations which the government has imposed upon his work? Doesn't he feel more or less like a soldier wanting to get out of the Army and be once again on his own?

To be sure, there is a lot of grumbling. The older scientists complain about the over-rigid secrecy which surrounds their work. The younger ones don't mind. The interest which both groups take in their work is greater than their interest in material gains.

Oak Ridge is a special case. As such, it offers no valid illustration of the benefits or shortcomings of a socialistic community. But even the businessmen who still dream of the chances they have missed because the City of the Atom has turned out so differently from the cities of gold and silver and oil, admit that their life is "quite nice." Not colorful, not adventurous—just nice.

The Author

Leo Lania, UNW's Roving Correspondent who in 1923 penetrated Hitler's headquarters and in 1948 pierced the Iron Curtain, here reports on the least known aspects of Oak Ridge. His forthcoming "The Nine Lives of Europe" promises to be the most important post-war book on the problems and the peoples of the continent.

New Gambit For Germany

The cold war has magnified the historical blunder of looking upon Germany's place in the sun as a political rather than an economic problem. German nationalism can only be rooted out and World Wars III and IV avoided by a rational reorganization of her economy, by-passing the East-West clash.

By PUBLICUS

Publicus is the pseudonym adopted by a Western diplomat of high standing currently participating in important international negotiations. He is an eminent expert on German affairs and his analysis reflects the hopes and fears of most European statesmen.

IN COMMON with the Bourbons, the the democracies seem never to learn anything even though they may forget a great deal. Today, they are guilty of falling for the same tragic and fateful fallacy which has plagued the first half of the twentieth century and generated the two most murderous wars in human history.

It was a stubborn devotion to this fallacy which prompted the Kaiser to fling his legions against the rest of the world and which encouraged Hitler to try to carve out a thousand-year empire for Nazidom.

That fallacy which American and Eastern diplomacy seems to have enshrined in the pantheon of international mythology is that the German problem is essentially a political problem. This error is all the more crucial since it has caused the United States and its allies to miss the historic moment for curing one of the great international sicknesses of our time. If Germany is to take its place within the family of nations without new high costs of war and revolution, one central guiding idea must be clearly grasped and applied: the whole German question, far from being a political integer in a world equation, has its roots in concrete economic and demographic conditions. In principle, the German menace has been and remains a menace

of over-industrialization breeding expansionism which is nothing but a drive for new markets. All the belligerent mysticism of the masses, all the excesses committed in the name of blood and soil, all the Nazi pretensions of racial superiority have been merely superimposed on this basic situation to justify emotionally an iron law of economics.

Industry can assure high living standards only if full employment is maintained. And to achieve that full employment dependable markets must be found. At the core of Hitler's policy was his aim to create and enlarge a market of two hundred million people in Eastern Europe by means of political pressure and armed intervention. The legend of the "Aryan superman" only served as a moral justification to foster the proper quantity of consumption-slaves who must buy German products, or else . . .

Today this elementary truth seems to have been forgotten by both East and West. Instead of coping with the economic and demographic realities of a Germany always bursting at its seams through population pressures, they concentrate on bolstering the power and the prestige of their respective zones as pawns in the cold war.

East and West don't meet in Germany

Today, the iron curtain which cuts Germany into two parts, each with its own governments and its own parliaments, makes it virtually impossible to settle the German question rationally. Furthermore, the very moves of East and West to strengthen their respective holds only pour oil on the flames of their own conflict.

On November 7, the 32nd anniversary of the Bolshevik Revolution, some of the slogans so proudly displayed on huge banners across Moscow's Red Square hailed the new Germany with almost hysterical enthusiasm. Soviet forgetfulness of past crimes only matched unconcern with the dangers of the future in the form of a renascent German nationalism. Stalin himself, in an unprecedented gesture, addressed a message to the leaders of Eastern Germany so fraternal as to make one believe that the whole past had been wiped out and that the salvation of Europe depended almost entirely upon Germany.

More recently, the Western powers, under the leadership of the United States, suddenly discarded many political and economic controls previously thought indispensable to prevent Germany from again becoming the storm center of the world. Even more symptomatic of the West's changed attitude was Secretary of State Dean Acheson's trip to Germany. After a short stop-over in Paris, he hurried on to Bonn to meet Chancellor Konrad Adenauer on a basis of complete equality. The desire to strengthen Adenauer's regime and flatter German public opinion went so far as to authorize Adenauer to be the first to announce to the German people, and to the world, the new and far-reaching agreements between the Western powers and Western Germany.

Germany is being admitted to the Council of Europe—the same Europe which she tried to enslave only a few years ago—as an equal partner. The West even asked Germany to consent to establishing the Saar as an autonomous entity, instead of imposing this upon her as a *fait accompli*. In its invincible naiveté, the West counts as a victory the German government's gracious acceptance of its invitation to sit in on the international authority of the Ruhr—the same Ruhr which produced the weapons which killed millions of Europeans and Americans.

Meanwhile, in the rivalry between East and West, there remains only the small island of Berlin where a limited form of East-West cooperation still exists. But this cooperation in itself is frail, tenuous and uncertain. It can be considered quite as much of a threat as a benefit to peace.

Pampered and indulged from both directions, the Germans have not been slow to react with their inbred Wagnerian heroics. To listen to the eastern German leaders, one gains an unmistakable impression that they have been chosen by destiny to spearhead the triumph of the Soviet ideology in all parts of the world. Similarly, to listen to the leaders of western Germany, one cannot escape the conclusion that it has become their sacred mission to save western civilization against the onslaughts of the barbarians from the East.

While the governments of the East and West lavish concessions upon the Germans, the fear of a rebirth of a savage and vindictive German nationalism keeps spreading among the peoples of the Continent. Among the smaller nations which border on Germany and which do not directly participate in the administration of her affairs, such as Poland and Czechoslovakia in the Soviet orbit and Belgium and Holland in the Western bloc—this dread of a resurgent and bellicose Germany is slowly reaching its pre-war intensity. The reason that this trend is being officially played down is that, in the midst of an East-West conflict, the ranks are supposed to remain firm and closed on both sides. France, herself, has been compelled to bow to the demands of this overall political situation—despite many misgivings. During the past four years, Paris again and again warned her western partners about too hasty a reestablishment of Germany as a great power. Today, in the bitter knowledge that to go along with US foreign policy is a precondition to her very existence as a free country and that compromise with Russia is at this time impossible, France—for all practical purposes—has yielded to Washington's plans for the new Germany.

Great Britain's Labor government might have dreamed, a year or two ago, about the emergence of a western Germany as a vital social-democratic bulwark on the continent. Recently, however, Britain has reluctantly adopted the compromise position of trying to keep Germany at least on the side of the democracies even if by means of a policy not far short of appeasement.

Sharing the sin

Nietzsche once said, "The German likes to travel along obscure roads which lead to chaos. Since everyone likes what is akin to him, the German likes clouds. Everything that lacks clarity; everything which is in the making—which is dawn—uncertain,

New Gambit for Germany *continued*

without form; everything which prolongs itself and evolves, is judged by him to be profound. The foreigner remains stupefied before the contradiction of his nature."

The insight of this genius, however, tells only half the story, for it must be recognized that what is happening in Germany today cannot be explained solely in terms of the mystical contradictions of the German soul with its shuttling back and forth between the termini of arrogance and abasement. The other half of the story is to be found in the weakness of the war-time allies. They are unable to devise an over-all policy acceptable to all countries and to the various schools of thought within each country.

The absence of an overall policy has given rise to a variety of partial and dubious programs which contain perils of the first magnitude.

Perhaps the most dangerous proposal of all is to re-arm Germany and build it into a military rampart against communism. But this is only the delusion of security, not its reality. For in today's world this rampart would have no more strategic value than the Great Wall of China. Once the Ruhr is transformed into a vast arsenal, within striking distance of the Red Army, it would become a very tempting objective for a USSR anxious to expand both its industrial and martial might.

World Wars III and IV

But the gravest danger in rearming Germany is that it would automatically invite *not one but two wars.*

Suppose, in fact, that the Western powers, in alliance with Germany, win out against Russia in a World War III. The first result of this victory would be to reinstate Germany as the foremost military power on the Continent. As reward for her participation, and conscious of her might, she would not hesitate to demand Alsace-Lorraine, Austria, the Sudetenland, and to lay claims to other territory. No one conversant with German history can doubt that if these claims were denied, the victorious German armies would promptly and in closed ranks march into these "liberated areas." England and France would oppose this expansion—and the vicious circle of the fight for European hegemony would continue its catastrophic course, giving rise to World War IV.

Strictly political solutions are equally ineffective and perilous. It makes no difference whether one favors the centralized or federalized form of government. The days of the German diet, with its kingdoms, duchies, principalities and free states, when the German people slumbered at the feet of their several score sovereigns, are gone forever. They had, in fact, vanished in 1918 in the dust of the German debacle. New times and new needs have cemented north and south, east and west. The problems of still further unification will be worked out by the Germans themselves. What is important, therefore, is not so much to propose to the Germans new charters and institutions, but rather to assist them to develop a new form of economic organization as the groundwork for a democratic as against an authoritarian society.

Today, western Germany is quite as over-industrialized as it was under Wilhelm II and Hitler I. Both in 1914 and in 1939 this over-industrialization made war inevitable. To maintain this same state of super industrialization could now be justified only by two assumptions: (1) that World War III is coming; (2) that the world can assure regular markets for the overflow of German goods. We of the West have rejected the

West

Mr. Acheson exhibits his most affable smile as he listens to German President Theodor Heuss. Chancellor Dr. Adenauer happily balances his cup.

East

Solicitous Russian Ambassador Vladimir Semyonov congratulates Wilhelm Pieck upon his election as President of the East German Republic.

first assumption. Can we accept the second one? The answer is "No." At the moment, German industrial production is approaching its 1936 level. It could soon surpass that level but there is no chance to sell this quantity of goods.

Before the war German goods were largely sold to German customers and customers in the eastern and southeastern nations of Europe. Today, Germany's domestic market is a shadow of its former self. The USSR and the Balkans are isolated from the rest of the continent. The output of the Ruhr, therefore, could be directed only toward Scandinavia, Benelux, France, Italy, Spain and Portugal — or to South America. None of these countries is in a position to buy that production. Where, then, will this over-abundance go?

The Plan that nobody knows

The task that confronts us is to regulate German industry in a flexible fashion, adapting it to the needs of the world economy rather than letting it grow into an economic cancer. This means, among other things, that cartels, with their rigid allocation of markets, their pyramiding of profits into the hands of the few, must be replaced by elastic and competitive units of production. It means also that the pattern of German industry must become that of free competitive enterprise in contrast to the previous pattern of monopoly and autarchy.

But we must go even further. The very structure of German economic life must be re-formed and re-organized. To achieve a sound balance between industry and agriculture was the purpose of the much maligned and little understood Morgenthau Plan which was conceived in the hope that we would live in an era of peace and not of preparation for war. The Morgenthau Plan foresaw, on the one hand, a significant increase of agricultural production mainly through scientific means and, on the other hand, strong curbs on unbridled industrial production which through dumping and other devices would create chaos in world markets. It also sought to give permanent work to surplus manpower and thus to create an atmosphere of calm for the political reconstruction of Germany. All these ideas still deserve careful consideration—even though they are not likely to get it.

Although this policy was first set forth at the time when Germany was not divided by an iron curtain, it attacked the nucleus of the perennial German problem. Under present circumstances, neither peace nor the economic stability of the world can be advanced by the existence of two Germanies each serving as a vanguard for the two opposing ideologies of our time.

However, there are still two ways of finding a sound solution in the interest of both Germany and of the world. Sponsors of the first way urge that the present boundaries which artificially divide Germany must be inter-penetrated by a close and normal exchange of goods and services among both Germanies. Concurrently, this united Germany must become a genuine functional democracy wherein parties have a free voice and the opportunity to gain adherents by peaceful means. This does not mean that Germany can be left to its own devices for many years to come. The rest of the world has the right to participate in the control of German resources for the foreseeable future—or for at least as long as the slightest danger exists that Germany's vast industrial potential may again be used for war. This kind of international planning can integrate Germany into the European community. Any German who protests against the exercise of international authority over his country's resources or who fears that the American, British or French responsibility might stain his national honor, has not yet freed himself from that atavistic nationalism of which National Socialism was only the most recent expression.

New challenge for the UN

The second way of solving the perennial German problem could be infinitely more effective. It is to make the German problem a UN problem. Although according to the UN Charter, the UN is not supposed to deal with questions of this kind, it still would be possible to reach an international agreement which would transfer this issue to the UN. This would clear the way for the UN to make Germany a testing ground in international cooperation.

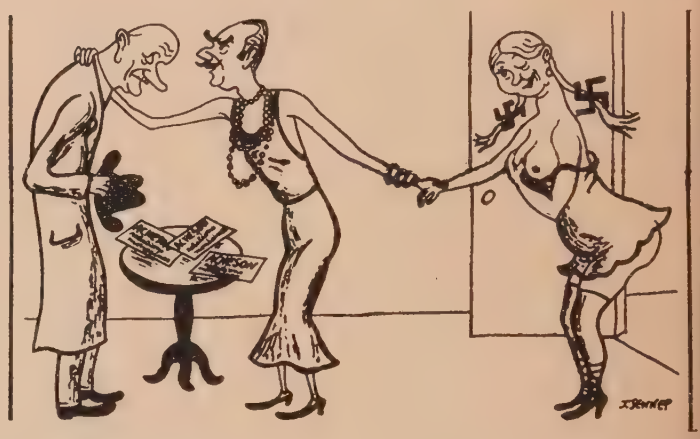
Specifically, the task of creating a sound economic framework for a new Germany would be entrusted to a UN Commission. This Commission would design an overall plan for Germany's domestic economy, seeking to achieve a practicable balance between its agriculture and its industry. It would set forth both the scope and the targets for Germany's industrial output, making doubly sure that this would never be diverted to aggressive purposes. At the same time, the Commission would dovetail the German economy into the pattern of the European economy and into that of the rest of the world.

This procedure would provide a universal laboratory for testing out new techniques, scientifically devised and applied to accord with the needs of a mid-20th Century world economy. If this course were adopted, it might be the crowning irony of history that a nation which for centuries has been the sign and synonym of war and aggression would become the proving ground for the rational reconstruction of a society dedicated to peace. The compilations of the statistician, the soil surveys of the agricultural chemist, the findings of the metallurgist, and the production planning of the engineer, may yet solve the problems which have stumped the theorists of Capitalism, Nazism and Communism.

If Germany is thus to become an instrument of harmony rather than an element of division and strife, both East and West must constantly appraise its problems and consult with each other to attain a common denominator of agreement of what to do about Germany. The German people must be made to realize that whatever the outcome of the present East-West struggle, nationalism and militarism endanger all nations. Central to this realization is the fact that German economic resources and skills may no longer serve as the vehicles of anybody's violence.

Laughter Around The World

"Our new jet plane travels faster than sound. Which puts Mozart and Beethoven in proper perspective in the world of today, gentlemen."
Dublin Opinion (Dublin)



Mme. Acheson to Friend Schumann: "The young lady knows all the tricks"
La Bataille (Paris)

First Gangster: "I'd like to be tried by Judge Medina."
Second Gangster: "Why?"
First Gangster: "Because he only condemns innocent people."
Crocodile (Moscow)

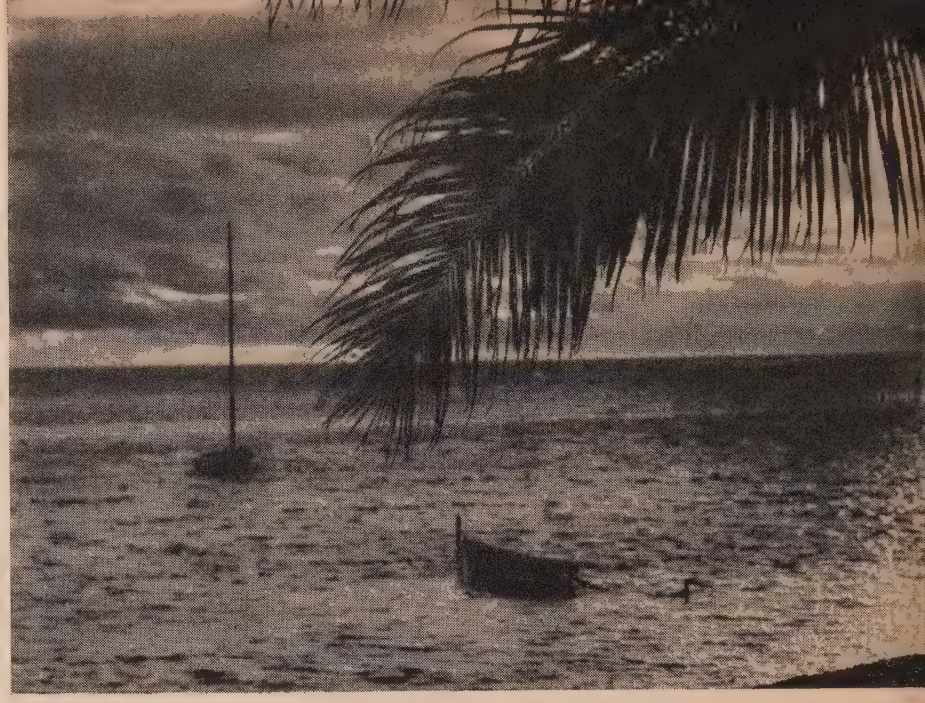
West German Boy to East German Boy: "Do they really love us?"
De Nieuwe Eeuw (Helmond)

The Bidault Cabinet: A little bit of everything. *Weltwoche* (Zurich)

The Anglo-American Training School for police dogs.
Rude Pravo (Prague)

"Now I've *really* got something!"
Mizah (Istanbul)

A New Look comes to Czechoslovakia.
The Montreal Gazette (Montreal)



NAURU: UN's Treasure

Nauru is a small speck of island with a big pot of treasure. But it faces a zero hour of tragedy which the UN will have to solve.

By LAURA VITRAY

When the devil makes his rounds of the globe, he stays away from Nauru, the "Pleasant Island." Perhaps his maps fail to show this infinitesimal speck in the South Seas, 26 miles below the Equator, at E. Long. 166°55′. Perhaps he has heard that the comely brown-skinned Nauruans, of fine physique and proud bearing, are all good Christians. More likely still, he is afraid of the UN, whose Trusteeship Council gives special protection to the 1448 natives of this nine square miles of atoll, shaded by coconut palms and the dark foliage of the tomano tree, and—blessed with incalculable wealth.

Yes, Nauruans are good, and they are happy, for they inhabit a treasure isle. Its center, millions of years ago, was the crater of a volcano. Today, it's the biggest bucketful of high-grade phosphate in the world—enough to make deserts blossom with wheat, butter and meat for hungry millions for a century. Estimates of the still unmined portion place it at 70 million tons, which, if it could all be sold today to its eager customer, the British Commonwealth, would go for £140,000,000. That's the equivalent of $392,000,000, even with the pound's recent devaluation. It's a sizeable jackpot. Nauru, reputed to be Enoch Arden's island, is "rich, but the loneliest in a lonely sea."

Of course there's a catch to Nauru—as there was to the Garden of Eden. It will take seventy years to mine its phosphate completely. When the phosphate is gone—around the year 2020—"Pleasant Island" will be only an empty bucket with a pink coral rim. Then the Nauruans must seek haven elsewhere. For this reason the devil is unconcerned at the present state of Nauru, where there is virtually no illness, no sin, no juvenile delinquency, no practice for a psychiatrist.

Don't get us wrong. There are problems on Nauru aplenty—but the UN has undertaken to solve them all. There is, for instance, the question of whether Nauruans yet unborn shall leave their island rich or poor, educated or ignorant. And of where they can safely go—if as today they are kindly but unsophisticated, healthy but unresistant to the germs they seldom contact. For they have dwelt here in isolation a forgotten time, 170 miles from the nearest coral dot, 2,200 miles from Australia, the nearest mainland.

Nauru has immediate problems

Island

too. Out of tropical skies a few years ago bombs fell on it. Japs came and laid ruthless hands on its fourteen villages. The natives have fashioned new huts of steel wreckage and driftwood, for there is no serviceable timber. But their contacts with the outside world through trading have changed their tastes. They dream of neat cottages with running water, bath tubs, radios, frigidaire.

Australia, which administers the island under the Trusteeship Council, wants the Nauruans to have these things—and others, less tangible, guaranteed them in the UN Charter and the Universal Declaration of Human Rights: educational opportunities, communication with civilized peoples, a greater voice in their own government, ultimate independence here or on some other island. Australia and the UN both want them to get a fair share of the profits from sale of the contents of their volcanic bucket. For that, studies are under way . . .

But wait. All this belongs at the end of the story. Let's go back to the beginning.

Most places are discovered once; Nauru was discovered twice. In 1789, Captain Fearn of the American whaling ship *Hunter* chanced upon the atoll and gave it a dot on the map of the South Seas, with the name of "Pleasant Island" because its natives were so agreeable. After that a few white beachcombers found their way to it, brewed their own coconut-palm wine, and sometimes caused Nauruans much anxiety. In that era, it must be admitted, the islanders engaged in occasional tribal tiffs, and the beachcombers often tried to whip these up for the sake of a little excitement. But Nauru's wars never amounted to much. The people, a handsome mixture of Micronesian, Melanesian and Polynesian types, had developed a fairly benign social life. The twelve clans took their descent through the female line, the eldest daughter in each generation being the head. Nauruans clustered in the fertile coconut belt between the beach and the coral cliff, or in the one lush upland area surrounding Buada Lagoon. The whole center of the atoll was a mass of uninviting rock. Nauruans did not guess that this was their wealth.

In 1888, when Germany wrote Nauru down as part of its Marshall Islands Protectorate, no nation bothered to turn its official head. The speck was worthless.

Then, in 1900, Nauru was discovered for the second time. That year a young chemist named Albert F. Ellis was sent out to Sydney, Australia, by the Pacific Islands Company of London, dealers in fertilizers. In his tiny laboratory one day his eye lighted on a hunk of rock pushed against the door to hold it open. The office accountant followed his glance and laughed. "My souvenir from Pleasant Island. It's petrified wood."

"Petrified wood?" Ellis walked over and picked it up. "Where is this Pleasant Island?"

"Two thousand miles from here. A trader I shipped on three years ago stopped there and I went ashore."

"Do you mind if I chip a piece off this to test?"

"Go ahead."

It was the highest grade phosphate, and the accountant recalled seeing a mountain of it on the atoll. A report sped to London. Soon Ellis was off prospecting for treasure in the Company's ship *Archer*. It dropped him first at Ocean Island, the nearest speck to Nauru. There he found a mass of phosphatic rock. The next stop was Nauru itself. Ocean Island's wealth looked small compared with the vast mineral treasure here.

The British Government was notified and acted cautiously. No nation had claimed Ocean Island. Britain announced its annexation. Nauru was another matter. The British approached the Germans with an offer. The Pacific Islands Company would swap all its coconut and other trade rights in numberless Pacific Islands for the sole right to dig for mineral fertilizers on Nauru. In addition, they'd pay the Germans royalties on any they happened to find. The Germans frankly doubted the existence of anything valuable on Nauru. They agreed to the deal.

In 1914 an Australian Expeditionary force took Nauru from the Germans, with whom Britain was then at war. In 1919 the League placed it under mandate to Britain, Australia and New Zealand. The three governments purchased the phosphate interests on Ocean Island and Nauru from the private owners for £3,500,000. Since then mining operations have been carried on by the British Phosphate Commission, consisting of one commissioner for each of the three nations. The chemist-discoverer, now Sir Albert Ellis, heads it.

Nauru's phosphate mountain brought a new world to her shores. Engineers and their families came to live there, and with them came houses, churches, schools. Nauru's young men were offered jobs and paid wages, something they had never heard of before. Wages meant you could buy the merchandise brought in by the ships that now clustered eternally outside the reefs. The young men formerly had spend much of their time fishing for the barracuda, flounder, flying fish, rock cod, marlin, perch, ray and shark and a thousand

others that abounded in the ocean. But fishing doesn't pay wages. Nauruans had to found a cooperative fishing society to take care of their consumption needs.

The ships brought in Catholic and Protestant missionaries, who learned the native language, taught the Nauruan children English, talked to them about God. Today's Nauruans refuse to mention their former superstitions, no matter how much they are coaxed. They say the youngsters are ashamed. Not only do they want to forget their folklore—they want to forget their language. Young Nauruans, now English speaking, insist there's no value to a tongue spoken nowhere else. The fact is, Nauruan is unlike Melanesian and Polynesian, and gives no clue to its source. It could almost lend credence to the natives' conviction that they did not migrate to this atoll in a remote past, but originated with it.

THE ships that lie out at sea around Nauru, hungry for her phosphates, never dare come close. The reefs are too dangerous and they take a sheer drop toward the ocean's floor, so deep that moorings must be laid with great labor. To solve the problem of loading has required engineering skill. As the phosphate is quarried it is brought by rail down to the shore. Thence it is transported on carrier belts out over the water, across vast cantilevers. From these it is tipped, in an endless stream into the ships' holds. When storms break, the vessels must ride them unprotected by any harbor, for days or weeks—until they can again slide in under the cantilevers and hold steady to be filled up.

Nauru, under Australian administration, has had excellent labor laws. Its education laws require all children to attend school to the age of sixteen. There are six primary schools, and before World War II there were two highschools, providing technical courses for boys, secretarial and domestic science courses for girls. Both highschools were destroyed and their replacement takes priority in a new building program.

It sounds familiar to hear that postwar housing has bogged down. On Nauru there's a reason: lack of suitable materials. Grass huts are no longer in favor. Plans worked out under UN Trusteeship call for housing the entire population along European lines, in villages with adequate sewage, water systems and electricity. To make this possible a new scheme has just been proposed. In their spare time the islanders will manufacture cement bricks from materials available. It appears the only solution.

Nauruans flock to weekly motion pictures, read avidly the newspapers and periodicals distributed on the atoll. Very soon they expect to have a broadcasting station, to relay world news and musical programs. Their loneliness has been invaded by a tremendous new affinity with the wide world of which they are such a tiny part.

If all this sounds ideal, neither the Nauruans, the Australians, nor the UN Trusteeship Council regard it so.

There is the matter of government. Australia, one of the world's most democratic nations, has long administered the island beneficently. Authority rests in the hands of a liberal-minded administrator who combines executive, legislative and judicial powers. He is assisted by an advisory council of two Europeans appointed by himself, and two natives elected by the Nauruans. The system was excellent when the islanders were primitives. But they have been taught about civil rights in the public schools and they wish to enjoy these fully. They ask full universal suffrage—there never has been any discrimination against women in a land of matrilineal clans. They want the right to run their own affairs. They want trial by jury for their peccadillos, which seldom are serious offenses. Australia has assured the Trusteeship Council that it is moving rapidly to satisfy their demands.

Then there is the matter of native royalties on the phosphate. The 3-nation Phosphate Commission recognized from the start that the natives had, in addition to wages, interests similar to those of stockholders. In 1927 they set up a Trust Fund which called for payment of 7½ pence for each ton of phosphate shipped, of which 2 pence was set aside for investment each half year at compound interest for twenty years, the rest distributed at six months' intervals. By 1948, this fund amounted to £93,000. This was made the basis of a "Long Term Investment Fund," which continues to receive the 2 pence royalties for investment until the year 2,000. By then, it is estimated the total will be £3,000,000. Nauruans are not sure this is a fair share of the treasure to put into the "insurance fund." The UN Trusteeship Council and the 3-nation Commission are reviewing the arrangement, planning for the day when Nauruans must migrate, by a possible revision upward of the royalties.

In addition to the general fund, Nauruans will of course have their personal and family savings from royalties when they leave the island forever, seventy years hence. But why, you may ask, must they leave? Their Pleasant Island will still have its habitable coastal belt, its small fertile upland. Nauruans never lived on the wastes of phosphatic rock at the core of their atoll.

THE answer is that they could stay on the atoll, perhaps eternally, if only they could retrace their steps to their former primitive world, when few ships ever stopped off the reefs, when food was limited to coconut milk and fish and a few bananas and watermelons, when clothing needs were solved by a row of palm leaves on a string tied about the waist. They could stay, if they had no cultural requirements beyond lying in the sun on a rock, watching gulls swirl.

Nauruans face in the microcosm what humans everywhere on our planet face today: the spiritual law which forbids them to turn back. They will never consent to return to a way of life that is dead. They must find a path forward—even across limitless seas to unknown worlds. That dream is part of their treasure.

1950:

The Year of Decision in Asia

By ROBERT PAYNE

Despite the strides of the government of India and the apparent stability of the governments of China and Indonesia, pent-up forces of anarchy and violence threaten to plunge two-thirds of the world's people into chaos. Only a radical reshaping of US policy in the Far East can save Asia. A ten point program for this purpose is presented by an acknowledged expert.

THE year 1950 is the year of decision for US policy in Asia. In the twelve showdown months ahead, the US has its last chance to recoup its loss of face in the Far East, and to win the allegiance of its peoples to the democratic side. Otherwise, the USSR will annex their loyalties, if not their land; and Admiral Mahan's nightmare that the US, in losing Asia, will forfeit its status as a world power, will be confirmed.

When the tattered rabble of Chinese Communists driving down from the north occupied Shanghai, these soldiers, often barefoot, nearly always employed captured American equipment. They were very much in the position of the armed rabble that opposed the British at Concord and Bunker Hill. A rebellion against the West of vast and incalculable consequences had succeeded, and it had succeeded only because the West had offered hostages to fortune. Without captured American equipment, the conquest by the Chinese Communists might have taken at least three more years. That conquest is but one facet of the Asiatic victory against the West, gained by weight of numbers and by the folly of western diplomacy not only in China, but also in India and Indonesia.

The Asiatic revolt, in so far as it was a revolt against the West, has been won. We do not know yet, and can barely envisage, the social forms which this revolution will produce. There will be socialism, but what kind of socialism? How far will it go? And to what extent will it involve some kind of allegiance to the social forms of Soviet Russia or America?

At the end of the Pacific war, Asia was in ferment. It was a time when the revolutionaries were in the saddle, when the wildest dreams seemed possible to the young nationalists who had dipped into Marx and read the American Declaration of Independence, and thought they saw in the marriage of complete independence and revolutionary socialism the answer to all their prayers. It has not turned out exactly as they had foreseen.

In four years the faces of China, India and Indonesia have been completely changed. On the surface, three immense power-areas, containing a population which amounts to nearly two-fifths of all the inhabitants of the globe, have been established under stable governments. Seemingly the time of the revolutionaries is nearly over, and that of the bureaucratic consolidators of the revolution has begun.

If it were as simple as this, there would be nothing to fear. Unfortunately, it is not quite so simple. The revolutionaries are still there, and their continued presence is a threat to the stability of the governments they have brought to power. It is an axiom that the revolutionary storm-troopers will always oppose an established bureaucracy. The second phase of the Asiatic revolution, as of all revolutions, can only be a war to the death between the storm-troopers and the bureaucrats they have brought into power.

The outcome of the struggle between those who desire order and those who believe that the revolution has not progressed far enough will probably be decided in the coming year. The final decisions do not rest entirely on the internal disposition of factions; they depend to a very large

extent on the outcome of the cold war between America and Soviet Russia, a war which directly or indirectly must continue to affect every hamlet in Asia.

Unstable Asia

The social patterns of Asia are still fluid, and they may even remain fluid for a long time to come. Worse still, even the stability of the governments must remain to an appreciable degree illusory: it depends upon an infinitely complex array of forces. If there is a hard blow somewhere at the periphery of governmental power, the governments may become immediately unstable. And if this should happen, these immense countries may have to go once again through protracted civil wars. A certain stability exists, but a kind of nihilist chaos lies close to the surface.

All these are desperate problems, to be solved quickly, lest almost unbearable strains result. Only one thing remains relatively certain: in China, India and Indonesia, as in the smaller and more dependent countries of Burma, Siam, Indochina, Malaya and the Philippines, there must be a radical solution of the agrarian problem; upon this depends both the kind and degree of control that the governments in power can exert. If they fail to cope effectively with land reform, the nihilist chaos will arise closer to the surface.

We should be on our guard against the possibilities of chaos in Asia. Today, there are forces in Asia working towards the complete disintegration of government. The peasants, who form eighty per cent of the Asiatic people, are desperately unhappy. For the most part they are dissatisfied with the slow pace of agrarian reform. They are therefore disintegrating and centrifugal elements. Economically, they are worse off than before the war. Their traditional hatred of government, all kinds of government, remains. From time immemorial they have regarded their village councils as the ultimate repository of government, and they paid taxes to the central government only because they were overawed by superior military force.

In theory Sun Yat-sen was prepared to allow these village governments almost complete powers: the village *hsien* became the prime political unit: but what happens when the Chinese Communists, who have accepted the *hsien* principle, coordinate the villages through a vast, complex and over-riding system of bureaucratic control? The Russian Communists have not solved the age-old conflict between the fields and the towns, though they have offered primacy to the urbanized proletariat. It is unthinkable that the same primacy will exist in Asia, where the proletariat form an even smaller percentage of the whole. If there is no solution of the agrarian problem, and if the subsistence level of the peasants is not raised, peasant wars against the central governments are only too likely to arise. They may, indeed, be very costly, for there are enough power-hungry revolutionaries left behind in the wake of the national revolutions to help to fan the flames.

Forces of Disruption

Men like Darul Islam, General Soedeirman and the leaders of the various Communist parties in Indonesia have nothing to gain under a stable regime. Burma is not the only country in the Far East where disaffection expresses itself by continual trials of force among armed splinter parties.

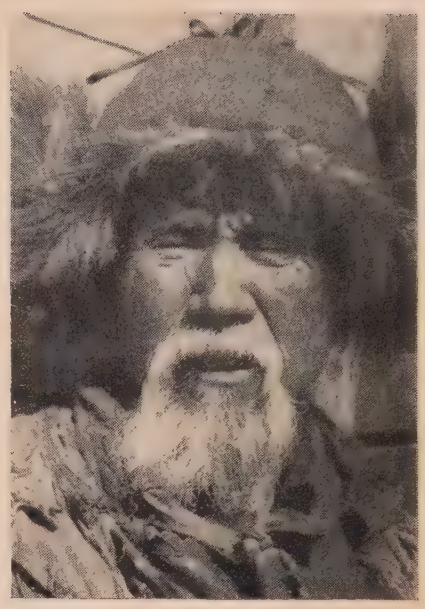
In East Java there is civil war between at least five factions. The Indonesian Republican Army itself contains three or four armed and efficient brigades of Tan Malakka's communists, which would at the slightest excuse and without the slightest compunction, sheer off from the Republican Army and attack it. Like nearly all the revolutions of the past, the revolution in the Far East suffers from a tendency to disintegrate. It is not only that the nihilist chaos is near the surface, but it is continually seeking to break through. How close the nihilist chaos is can be seem by appraising the Burmese revolution.

In September 1948, nine months after taking over full power from the British, the Prime Minister, Thakin Nu, tabled the following proposal to his cabinet: "In view of the chaotic situation in which we now find ourselves, is it your desire that the government itself should go underground?"

The proposal was defeated by the margin of one vote. There was nothing in the least ridiculous in Thakin Nu's suggestion: it is even possible that his government would now be in a far stronger position if

The Author

At 39, English-born Robert Payne is an outstanding authority on Asia. He has visited most of that continent, and has been Armament Officer at the Singapore Naval Base, Ministry of Information Representative in Chungking, Professor of English Poetry in Fuytan University, Professor of Poetry and Lecturer in Naval Architecture at Lienta University in Kunming. He was one of the few westerners to visit Yenan during the Chinese Civil War. Although he began writing at the age of 7, he had to wait a quarter of a century before achieving world fame. This was as a result of such books as *Forever China* (Dodd, Mead), *Sun Yat Sen* (John Day), *China Awake* (Dodd, Mead), and *The Revolt of Asia* (John Day). At the present time, Mr. Payne is a Professor at Alabama College.



FACES FROM ASIA: A rugged peasant from Cambodia—a typical Padaung woman from Burma—a weary old man from Tientsin

it *had* gone underground, for the romantic conception of secret government is widespread in Asia, where secrecy still inspires respect. One remembers the tremendous prestige of the little town of Yenan, lost among the loess hills, known to few and inhabited by hardly more than two thousand men; and yet from the hill-caves the conquest of the whole Chinese nation was launched.

Power does not express itself in the East as it does in the West. We may yet see the government of Indonesia, having established its sovereignity and fought the Dutch to a standstill, taking to the hills as the result of Communist uprisings. It is indisputable that the Indonesian government never possessed greater power in the eyes of the Indonesians than when its every member was imprisoned by the Dutch on the island of Banka. There are complexities in the Asiatic political scene which have nothing in common with our own. We tend to see the politics of Asia in terms of western concepts, and nothing could be more mistaken.

The Peasant is the Kingpin

For a little while longer, we must learn to regard Asia as it is seen through the eyes of the Asiatic peasant, who regards the autonomy of his village commune as the greatest prize. He wants the village commune to administer itself; he will continually fight off, wherever he can, the inroads of the State. If taxes must be collected, he demands that the village council assess and collect them. If military forces must be raised, he demands that the council should be empowered to do it, and wherever possible he will insist that the council see to it that the soldiers are kept in the neighborhood. The peasants throughout Asia are by nature and tradition anarchists. They have not learned to respect democracy. They are suspicious of ballot-boxes. The will of the village elder remains, though in China that elder may well take the form of an armed youth delegated to fulfill this function by the central authority. Underneath all the accretions of recent years the ancient traditional forms persist.

In Burma, Indonesia and China villages have declared their independence. It is useless to smile, and say that they are behind the times.

Unless the peasants have reasonable security of tenure within the State, unless the State assists the small cultivator and lifts his standard of living, there will always be this tendency towards disintegration. Ultimate political decisions will not rest with governments. They will depend upon the decisions of millions of village councils spread out over the whole length and breadth of Asia.

Within fifty or a hundred years the ancient traditions will have died out, and then it may be the time of democracy as we understand it to step in; but until there is a democratic Asia, we must do everything we can to understand the perplexities of the individual peasants. In this respect, works like Mrs. Sen's book on the Indian peasants and some of Fei Hsiao-tung's studies of Chinese peasant life are more valuable to us than endless files of political documents. It is significant that Fei Hsiao-tung, the foremost Chinese sociologist, should have publicly abandoned his belief in western democracy, presumably on the grounds that the electoral process cannot serve the Chinese masses until they have reached a higher stage of education.

The decisions that will have to be made in China in 1950 will affect, for good or evil, the whole of Asia. Rather more than nine million youths are now under arms. At least four million of them will have to be placed on the land during a year which shows every sign of being a famine year. If the famine becomes widespread, or an economic collapse occurs, the Chinese Communists can hardly expect help from Russia. They must prove to the peasants that

(Continued on page 34)

ASIA: January 1, 1950

"The Asiatic revolt, in so far as it was a revolt against the West, has been won. We do not know yet, and can barely envisage, the social forms which this revolution will produce."

—Robert Payne

Sumatra, Java, Borneo, the Celebes and the surrounding archipelago constitute the new United States of Indonesia, a federation of sixteen states and autonomous territories.

French Indochina, the Malay States and Dutch New Guinea are the only remaining territories of importance in this area which have not yet achieved full independence.

S.
S.
R.
OUTER MONGOLIA
MANCHURIA
Vladivostok
Mukden
Peiping
KOREA
JAPAN
Tokyo
CHINA
Shanghai
Chungking
Pacific Ocean
Hong Kong
FORMOSA
FRENCH INDO CHINA
HAINAN
SIAM
Bangkok
Manila
PHILIPPINE ISLANDS
Saigon
U.N. WORLD MAP
MALAY STATES
Singapore
SUMATRA
BORNEO
CELEBES
NEW GUINEA
JAVA
Surabaya

Year of Decision in Asia *continued from page 31*

their rule is less onerous than the rule of the Japanese or the Kuomintang. And they can do this only by giving increasing power and responsibility to the peasant himself.

Chinese Communist leaders are responsible and practical men who are not given to elaborating impractical theories. "We regard Marxism as only a tool," said Mao Tse-tung. "Our main job is to satisfy the peasants." Nor is there any sign that China is becoming a Communist police state. The leniency shown to members of the Kuomintang—even to the Kuomintang Gestapo—suggests that they are sincere when they say that during the period of consolidation of power they aim to use the potentialities of every individual Chinese. Nor is it likely that they will embark on foreign adventures, though they may race the Russians and the Indians to Lhassa, and assist Ho Chih-minh in Vietnam, where the French, with an almost insane arrogance, are now alone among Western powers in attempting to stem the Asiatic revolutionary tide.

They may, and probably will, assist the Communists in Burma; and through the Eastern Cominform they may try to direct revolutions all over the Far East. But there is no reason to suppose that these movements will succeed. It is highly probable, that the revolutionary fervor of the Chinese Communists will have spent itself when it reaches the territorial limits of the Chinese Empire. One reason is that the Communist victory has not of itself solved any of the real problems which confront the Chinese peasantry, although the Communist revolution is dedicated to solving precisely these problems.

The Big Three of Asia

The picture that emerges seems, then, to be this: Towering above all the smaller states of Asia are the three giants, India, Indonesia and China. The latter two acquire a complete and peaceful independence only in 1950. Insofar as their independence and their government represent the popular will, the people will have assumed power for the first time in their history. The governments appear stable, but they are not. In all three countries an intense anarchical violence lies under the crust of order. In at least two of these countries the storm-troopers of the revolution may be expected to fight bitterly and without quarter against the bureaucrats.

During this year, the bureaucracies may expect to remain in power only on condition that they patch up their quarrel with the revolutionaries and make a clean-cut effort to tackle the agrarian issue with vigor and promise of success. Necessarily, this involves limiting the size of estates, the large-scale establishment of farmers' banks and some system of social insurance. In Asia today the alternatives are no longer between capitalism and communism, but between some form of socialism and anarchy. And it is clearly in the interests of America, however capitalist she may appear to herself and however distant she may appear to be from the welfare state, to support a socialist rather than an anarchic Asia. America still has a part to play, though her power and prestige in Asia have never been lower than at the present time.

How should American power be exerted? Clearly it cannot be exerted in the ways followed in the past. An entirely new and imaginative conception of America's relationship towards Asia is needed. 1950 is the year of decision in Asia, but the decisions have not yet been made: it is still possible for America to exercise her influence on the Asiatic scene. In August 1945, she could have led the whole Asiatic revolt. It was in her power to direct and channelize the vast movements for independence and social reform, but by a tragic misconception of her own historical role, America found herself assisting both those who opposed social reform and those who opposed the revolt. It was a tragedy which need not have happened, and should never have happened. It was a tragedy which was perfectly summed up in the complaints and disillusionment of the Javanese women who made a pilgrimage to America in the autumn of 1945 because "we felt sure that the Daughters of the American Revolution would stand up for us."

Today, America in the eyes of the Asiatics is largely a power-vacuum. They regard America as an over-rich, contented country which has lost its youth and acquired the somnolent habits of old age. Its Asiatic policy is seen to be pathetically weak, a policy of the most perfect indecision, limited to the rather helpless belief that Russian aggression can be permanently "contained."

Chinese Communists for example will remember that almost to the very end, when Chiang Kai-shek was wandering among the foothills of Tibet, B-36's were being sent under the instructions of the Defense Department to Formosa. It was as though America was fatally dedicated to error in all her relations with Asia. That the American State Department should have been protesting in December 1949 against both the Kuomintang, which America had supported since the end of the war, and against the Chinese Communists, which she had done everything in her power to destroy, and found them both equally silent about her protests, was an indication that her power in China was at vanishing-point, for it could be exerted neither on the left nor on the right. There was simply no point of contact where America met China.

Needed: An American Manifesto

What is needed — never more urgently than now—is a policy which is prepared to be imaginatively aggressive on the Asiatic mainland, an attempt towards leadership by America on all constructive levels. There must be a clean break with the past, an effort towards an entirely new and daring revision and redirection of American influence in the Far East. It is not too late, but it is

(Continued on page 63)

At The World's Bedside

United Nations "doctors"—the Specialized Agencies—find our planet still sick, poor, undernourished, ignorant and often profoundly dispairing. But they are applying remedies which should bring it around to lasting health.

By JOHN YARD

WHILE the bitter debates of the East and the West in the UN General Assembly are often regarded as the true gauge of the world's fever pitch, a more accurate reading might perhaps be taken on the wall-chart of progress of the Specialized Agencies. For these are the "doctors" concerned with the real task of diagnosing and healing the world's ills.

Sometimes, it is true, swift action of the UN Security Council or the General Assembly has been needed to avert a catastrophic threat to peace in some part of the world. Yet behind such emergencies lie stark human facts that refuse to vanish before the magic of diplomacy; undernourishment in Asia; pestilence in Africa; a million refugees in the Middle East pouring into regions where already there is dearth of food; illiteracy and ignorance on many continents, contributing to infant deaths, to incapacity of adults for useful labor, to widespread hatred and aggression. These are the social "atomic stockpiles" that threaten the world community. If their chain-reaction is allowed to go unchecked, eventually they produce wars.

Even in the more advanced nations, a multiplicity of economic, social and human problems are constantly sifted through the agencies of government. In the United States, for instance, they clear through the Departments of Agriculture, Commerce, Labor, the Treasury, the Interior, the Federal Security Agency with its Social Security Board and its Public Health Service. In national governments these Departments are a fairly efficient machinery for coping with such matters as adequate food production, conservation of resources, employment and unemployment, housing and health protection.

The international agencies specializing in similar fields may to some extent be regarded as super-Ministries, although they lack administrative authority on a global scale. Perhaps in some distant future they will have it. So long as the UN remains a collaboration of sovereign states, the Specialized Agencies must content themselves with a role of investigation and persuasion, plus programs of technical advice and aid wherever their expert assistance is desired to improve the conditions of life.

Such a role is by no means insignificant. The International Labor Organization (ILO) is hardly a World Labor Department—anymore than the Food and Agriculture Organization (FAO) is a World Department of Agriculture, or the International Trade Organization (ITO) a World Department of Commerce. Yet for many years the ILO, which existed under the League of Nations, has exerted tremendous influence on the internal programs and policies of individual governments.

Moreover, the international agencies have the edge on the national ones in two important respects. By their nature, they take the "world view"—so important in an age when few problems of economic and social distress draw up neatly at national boundary lines. Secondly, they enjoy considerable autonomy, despite agreements which bring them under the general direction of the UN's Economic and Social Council. Each Specialized Agency is a minor world organization in its own right, with a charter and with member states who may or may not be members of the UN.

President Roosevelt, looking forward to the establishment of a United Nations, is said to have ascribed more importance to these agencies than to any coercive function of an organ like the Security Council. For their role is to build the structure of an enduring peace. The fact is that peace is not a simple state of bliss—but a healthy functioning of all the interrelated parts of the human society.

World public opinion has a right, then, to know how well these international Ministries are doing the jobs assigned to them. Do they encourage nations to work together to find solutions for conditions that threaten peace? Are they realizing progress in bringing the human family up to a decent level of existence? How do they see the state of the world's health?

Oldest "Doctor" Reports

"The patient is not too well off," says the ILO, veteran specialist. It is the only agency with thirty years experience in diagnosing economic and social ills. Today its surveys uncover a most disturbing set of facts. For while post-war progress in production and employment has equalled or exceeded expectations, the world economy as a whole is by no means back on its feet.

To meet the need, ILO has radically modified its own program of action. In its earliest days, its major concern was to induce the highly industrialized nations to pass uniform labor legislation, so necessary for decent living standards among workers. This purpose remains at the core of its activity. But long ago it realized that the upward adjustment of wages is no royal road to social justice. Before World War II it was directing much of its effort toward spread of social security measures and health protection.

Today it looks further still. Long vigil at the world's bedside has convinced it of some fundamental principles. One is that a meat pie, no matter how delicious, can feed only so many. If more come to table, the size of the pie must be increased, as well as the size of the portions. In 1948 there were 9.4 per cent more people in the world than in 1938; yet 12 per cent less food was produced. ILO finds that the equitable distribution of wealth is hardly an answer—if there is no wealth. It finds that *the world as a whole in 1949 was poor.*

Nor does it see any easy transition from poverty to abundance. Before this can occur, it suggests that five basic economic lessons must be learned:

1) NEED FOR STATISTICS. Many governments, it reports, do not know the size of their national income or of their labor force; the state of their equipment; the volume of production; the raw material, fuel and power requirements of their industry and agriculture.

2) NEED FOR AUSTERITY. A sick economy cannot improve if the fruits of increased productivity are absorbed in rising wages. Part must be channeled into capital investment to make expansion possible.

3) TOO RAPID EXPANSION IS DANGEROUS. If too large a portion of resources is diverted from consumer goods to capital investment, it will cause inflationary pressures. Inflated prices make it hard to compete in world markets. The result may be less production instead of more.

4) THE STANDARD OF LIVING IS LINKED TO THE ECONOMY. It can only be raised by increasing productivity.

5) NEED FOR CENTRAL PLANNING AND ECONOMIC CONTROLS. The greater the obstacles to increased production, the more strict the controls over the economic life of the country must be to prevent inflation. Greater freedom in production and consumption is only possible when the supply of goods becomes plentiful.

ILO thinks the world is kept poor partially by its complex manpower maladjustments. One nation has a grave labor shortage, another a labor surplus. The underdeveloped countries have vast needs for skilled labor to help them launch their plans for economic development. The answer is migration, but the problem is outpacing action by the individual states. ILO has given it top priority. To do so, it has not only broadened its sights: it has modified its Constitution, and methods of work.

For many years the International Labor Conference has performed legislative functions in the social field, writing almost a hundred international treaties. The Labor Office, or executive branch, with headquarters in Geneva, is very close to the full stature of a Ministry.

Today the Office is proving its flexibility by embarking on a worldwide operational program. It has decentralized many of its activities, holding regional conferences and doing regional field work in Latin-America, Asia, the Near and Middle East. It is collaborating with governments throughout the world in the establishment of employment services, vocational and technical training. It

is working closely with the International Refugee Organization (IRO) in creating opportunities for migration for the masses of idle and despairing men and women now herded into refugee and displaced persons camps in Europe and in Palestine. It is developing an international manpower program that can help turn the corner into abundance for all.

A Hard Turn to Make

In some ways, that corner seems more elusive than at the war's end. Then it appeared relatively simple to shift things back to a working peacetime schedule. Three Specialized Agencies were set up to do the job. In 1943, the United Nations Relief and Rehabilitation Administration (UNRRA), was assigned the emergency task of getting the wartorn economies functioning. The next year, at Bretton Woods, the World Bank and the International Monetary Fund were created. The role of the Bank was to underwrite capital loans for reconstruction and development. The Fund would help nations having temporary difficulties with their balance of payments.

UNRRA had to spend so much of its resources on feeding and clothing starving people that it never got around to the task of priming the pump of stagnant economies. Nor did wholly depleted regions offer a promising field for private investment, supplemented by the aid of the Bank. As time passed, recovery was further hindered by unexpected world financial disequilibrium that choked the normal flow of trade; by strife in Asia, that kept its people strapped by reducing their exports of raw materials; by new East-West political tensions that caused nations to build war machines instead of the good life for all.

These troubles have at least partially abated under the influence of the Marshall Plan and European Economic cooperation, the recent currency devaluations, the restoration of peace in Palestine, Indonesia and Greece. The United Nations Technical Assistance Program is a new attempt, largely assigned to the Specialized Agencies, to restore health to the world's economic machine.

It is no accident that most of the early development loans made by the World Bank were to countries like Denmark, the Netherlands, Chile, Mexico, Brazil, Finland, Yugoslavia, already well advanced both technically and economically. For, as Eugene R. Black, president of the Bank, put it recently, "it is almost always easier to expand a going concern than to start a new one from scratch." Yet, as the UN Technical Assistance Program recognizes, aid to the retarded countries has become an urgent and vital factor in restoring stability to the entire postwar world.

During the past year the Bank has sent missions to the underdeveloped countries of Latin-America, Europe, the Middle and Far East, to study their economic problems and needs, their capacity to absorb and service external loans, and the merits of particular development projects. During 1950 it will play an ever-increasing role in the industrial projects of these countries, both directly and by facilitating movements of investment capital.

Meanwhile the International Trade Organization (ITO), a newcomer to the roster of the Specialized Agencies, is prepared to help strengthen the foundations of world trade by carrying out more effectively the policy which started with the Geneva agreement, furthered by the Annecy agreements, when the United States and other nations consented to enormous reductions of their customs barriers.

Thus today we know that World Recovery after the second great war is a far more complicated and difficult matter than at first supposed—and that only *total recovery* can be relied on to endure. The time seems to have passed forever when the welfare of vast areas and hundreds of millions of people can be ignored, in the so-called progress of the few.

The Three R's of Progress

The three basic requirements of the world's underprivileged millions, if they are to be fitted into a scheme of dynamic global prosperity, are for food, health care and education.

FOOD

FAO is the super-Ministry charged with performing the miracle of making a few loaves and fishes feed a multitude. It is performing the miracle with ever-increasing success. FAO estimates that, at present 50 per cent of the world's population is undernourished. Yet it declares emphatically that the earth can feed its growing population—through better seeds and soil practices, irrigation and drainage of lands at present unarable, better fertilizers and farm equipment.

To accomplish its purpose, FAO has been busy in the past year fomenting revolutions in many places:

A revolution in rice culture, actively promoted by the Agency's new International Rice Commission. During 1950 this commission expects to register important food victories—by better rice breeding, mechanization of rice

WHO is testing millions throughout the world for T.B., in a top-priority campaign to check and wipe out this mankiller.

culture, scientific fertilization and irrigation of rice fields, modern storage and distribution.

A corn revolution. In 1948, FAO began experiments with hybrid corn seeds in Europe. The results were so good that large quantities of seed were sent into many countries last Spring by plane. Corn hybrids for India and Egypt are being tested now.

A fruit and vegetable revolution. Last year FAO researchers completed experiments in China in the culture of disease-resistant fruits and vegetables. The seeds of these are now being delivered to many countries.

FAO stockpiles, not atomic bombs, but seeds of outstanding varieties of cereals, grasses, legumes, oilseed crops and vegetables. From these it ships out samples to be tested in the soils of many lands. More than 60 varieties are now being tried in Austria, Belgium, Cuba, Czechoslovakia, Denmark, Egypt, Ethiopia, France, Greece, Hungary, Iraq, Italy, Mexico, Netherlands, Union of South Africa and United Kingdom. And it has a separate war on against the locusts and other insects that devour $33,000,000 of food crops annually. It would like to spread, both American mechanized farm methods and American farm surpluses to the underdeveloped countries.

HEALTH

This is the second of the three-R's for progress. It is entrusted to a super-Ministry which, almost since the day of its birth, has shown the energy of a heavyweight champion, slugging it out with Disease, Dirt and Malnutrition in the international prize ring.

WHO's Constitution is called the "Magna Charta of Health." WHO experts declare that health is not just absence of disease—but "a state of complete physical, mental and social well-being."

To make such a state possible for all people, WHO has six top-priority programs now in full swing, to cope with *malaria, tuberculosis, venereal disease, sanitation, maternal and child health,* and *nutrition.*

Malaria strikes at an estimated 300 million each year, and kills almost three million. In Greece, by spraying some 5,000 farm communities with DDT, the Agency cut the rate of incidence from 80 percent to 5 percent; while food production in those areas rose 70 percent because the people were better able to work. Similar results were obtained last year in Italy and Sardinia. Malaria teams are at work in Afghanistan, India, Pakistan, Thailand, Hungary, Rumania, Yugoslavia and Bulgaria.

WHO says 50 million a year suffer from tuberculosis, and 5 million die. In the Near East, Far East and Western Hemisphere, it is testing children, vaccinating the well ones with BCG vaccine, instituting treatment for the sick. It expects to examine 100 million children.

WHO reports a high rate of postwar venereal infection, with an annual death toll of two million. One of its most important programs combats V.D.'s prenatal effects with penicillin, in order to reduce the huge number of innocent child victims. That work leads directly into new programs for maternal and child health care. Three babies out of every ten born alive die in infancy in many parts of the world—in the US, the infant death rate is 39 per 1,000 live births. WHO is helping governments estabish child health clinics, sanitation and nutrition programs. It has a worldwide epidemic "watchdog service."

EDUCATION

The third basic need of the underprivileged peoples is the responsibility of the United Nations Educational, Scientific and Cultural Organization (UNESCO). To it, moreover has been entrusted that still broader educational task of creating throughout the world a mental and moral climate in which peace can grow and thrive.

That is a large order. UNESCO is attempting to fill it at many levels: at the top by facilitating cooperation and exchanges between scientists, educators and artists of many lands; at the lowest level by active leadership in *fundamental education* for the world's illiterates; in the great middle reaches by inducing governments to remove from the schoolbooks dangerously nationalistic teachings, by promoting international exchanges of students and teachers, by seminars, sociological studies and field programs to ease tensions and misunderstandings.

Through the press, radio and films of many countries, UNESCO launches campaigns to promote international friendship and stimulate interest in the Universal Declaration of Human Rights adopted by the UN in 1948. It uses these media also to spread knowledge of nutrition, health and hygiene, in cooperation with FAO and WHO. On an emergency basis, it has an educational reconstruction program for the wartorn areas. During the past year it has operated 39 emergency UNESCO schools in Lebanon, Syria, Palestine and Jordan.

Recently the British poet Stephen Spender, writing for a US publication, declared that UNESCO belongs to "the age of prehistoric, top-heavy monsters, when what we need is many small, efficient and widely distributed organisms."

If that could be said of UNESCO, it could be said of any Specialized Agency—and of the United Nations itself. Spender's mistake is to see such a super-Ministry as UNESCO merely as a clearing house for ideas, which he insists do not need the intervention of a "large bureaucracy." This is indeed a sterile view of world cooperation for peace. Small local organisms seldom take the "world view." The UN's Specialized Agencies are designed to be central dynamos and power stations for promoting peace. They are functioning remarkably well. For the present, they are the best hope we have of developing a healthy, happy, coordinated world.

Read in the February issue of UNW the dramatic story of the International Refugee Organization by its director, J. Donald Kingsley.

The author of this significant article Is New Zealand's High Commissioner to Canada

ECOSOC

Fights For Human Happiness

By JAMES THORN

President of ECOSOC for 1949

THE UN Economic and Social Council is growing in stature, proving beyond all argument its capacity for efficient and fruitful work. Its reputation as a competent body is now secure.

Any appraisal of the Council's achievement must take into account the facts of its experience. During New Zealand's membership I have attended five Council sessions as leader of my country's delegation. I have thus seen it in the course of its evolution. Its difficulties have been very great. It had, of course, to begin at the beginning, and in a world thick with problems not only arising from the war but from the backwardness of many States.

Urgency was given to these problems by the peace aims in documents like the Atlantic Charter, and by the noble ideals in the United Nations Charter itself. These bred sharp expectations, whose fulfilment millions desired passionately. An idea of their multiplicity and variety may be gathered from any of the Council's Agenda. How to deal with them and with what priority, what to do to produce, with some immediacy, tangible benefits were questions that confronted the Council from the start. And these questions had to be answered by a Council which lacked, because it could not be otherwise, what might be called "esprit de corps."

The Council was emerging from these handicaps when I became its President. My purpose was to strengthen its sense of business procedure, to insist on punctuality, to discourage procedural wrangles, to diminish acerbity, to maintain the high standard of debate expected of an international organization, and above all, by humor and impartiality, to make it a friendly body. Friendship, I thought, would take the edge off contention and expand the pos-

sibility of agreement. I leave it to the delegations to judge whether this has proved to be a good policy.

PROLONGED consideration of any problem is usually likely to reach some clear opinion as to the measures to be adopted for its solution. But if the discussion takes place in an atmosphere in which there is business application and a desire to discover effective means of meeting a situation (which in an international conference implies some willingness to compromise) the task will become comparatively easy. This truth was exemplified by at least two Council decisions, formulated last year, on matters of great importance which were approved unanimously by the 59 delegations at the Second and Third Committees and at the General Assembly in November.

One certainty in the world today is that the principle of Social Welfare Services has well-established itself. A serious weakness, however, is that in many backward countries where the need for these services is pressing, there is a sad lack of the knowledge and organization necessary to administer them. The provision of this "know-how," if I may use this American expression, has been given considerable attention by the Council and the General Assembly, and a year ago a sum of roughly $600,000 was included in the United Nations budget to finance activities in initial stages. An interesting source of information on the wide range of services already introduced by the United Nations in this connection is the booklet, "International Advisory Social Welfare Services" prepared and circulated by the Secretariat.

When the Council met in Geneva last July these services had operated for long enough to reveal that if their cost had to be budgeted for from year to year, planning ahead would be difficult. To rectify this deciency the Council resolved in favor of making them a "continuing service," and as we know this has won General Assembly endorsement.

In the Council and up till the recent General Assembly, the attitude of the Soviet Union and the delegations that support it has been one of opposition, not because these services were unjustifiable, but because, so they argued, the recipient countries, and not the United Nations, should pay for them. For this attitude I have considerable sympathy myself, but although we can reasonably insist that all nations must accept responsibility, it is impractical in this case, inasmuch as several of the nations most in need are little able to meet any financial requirement. Fortunately the recipient countries have made a genuine response. In many ways they have contributed to the cost of the services, so much so that the opponents supported them at the Assembly on the continuing basis. Here then is a case in which experience has won over opposition and made possible general agreement.

THE services alluded to are, of course, a form of technical assistance, but technical assistance, as generally understood, was debated in the Economic and Social Council in its sessions in 1948. This led to the adoption by the General Assembly in Paris of a technical assistance plan, for which the money was voted, and which was administered during 1949. Hence it can be said that before President Truman announced, in Point 4, his far-sighted policy of development of under-developed territories, the United Nations had already acted. Let the credit be given to the United Nations for that. But the President's declaration gave us this great advantage: it gave a new importance to the problem, and with the assurance that the help of his powerful nation could be counted on, it inspired a larger effort. Thus technical assistance to and development of under-developed countries became a major preoccupation with the Council at its two sessions last year. The issue was a series of Council resolutions which must be placed among the most competent accomplishments of any of the United Nations organs. At the Council's Geneva session its Economic Committee for three weeks gave various proposals meticulous and painstaking consideration, and when its recommendations came before the plenary sitting, over one hundred amendments were moved and passed upon. Some were accepted, others rejected, so that the final decision was a compromise which all delegations endorsed.

It is unnecessary here to give the details of this scheme. Suffice it to say that it will be financed from a special fund to which Governments will be invited to make voluntary contributions; that applications for assistance must originate with individual Governments so that nothing may be imposed upon them; these applications will be dealt with by the appropriate Specialized Agencies among which available funds will be apportioned; every effort will be made to avoid duplication of the tasks that will have to be preformed. I may add that the question of development, as distinct from technical assistance, will be taken up at the next session of the Council. The thought already devoted to this question should lead to equally acceptable proposals.

I could explain many more of the Council's activities, for instance, its work in conjunction with its functional and regional commissions, and its unceasing endeavors to coordinate the labors of the Specialized Agencies (which the Belgian representative said at Geneva had become a "theology"). I could write too of such contentious problems as Full Employment and Forced Labor, of the Council's relationships with the many non-governmental organizations associated with it, and of its work on such prosy matters as the Calendar of Meetings, now a fearsome list, of bodies over which it has jurisdiction. But space will not permit. Let it be said that the Council is proving to be a living force, and will make its full contribution to the happiness and peace of the world. See to it, therefore, that public opinion is informed about it so that it may depend on the support of all good men and women.

UN Progress Report

After 6,000 years of wars that have plagued mankind throughout recorded history, we are inclined to reproach the UN for not having abolished this scourge in four short years. Yet its achievements are sufficiently astounding. In scores of decisions and actions, in dozens of continuing programs, it has shown ability to reduce conflict, stop or prevent fighting, right the economic and social wrongs that breed strife. It has proved far more flexible and adaptable than its founders at San Francisco expected. Today its councils, commissions and agencies afford practical machinery for settlement of all manner of international problems and differences. Backed by majority accord of 59 member nations, it confronts vital issues with compelling authority.

UN General Assembly

The General Assembly, official voice of the UN, serves to focus the moral force of world opinion on matters affecting world security. Every year it comes closer to representing *in fact* the full power of world opinion. In the Assembly, for the first time in history, small-power influence has combined to check and neutralize great-power dissension. The Assembly's four-year record shows it constantly gaining weight in conciliating disputes and promoting international political cooperation.

East-West Conflict—It created the Interim Committee ("Little Assembly") to find ways of reducing East-West tensions that impair the authority of the Security Council over international disputes.

Veto—It adopted an Interim Committee recommendation restricting use of the Big Five veto in the Security Council.

Conciliation—It has moved to establish a UN Panel of Inquiry and Conciliation, readily available in international disputes.

Korea—It set up a free and independent Republic of Korea, and is aiding it to withstand communist pressure from the north.

Balkans—Its surveillance ended guerrilla warfare in Greece that threatened the peace of the Balkans.

Palestine—Its authority, added to that of the Security Council, forced a truce in Arab-Jewish hostilities. It has achieved conciliation of major territorial and jurisdictional disputes surrounding emergence of the new state of Israel. It decided on an international regime for Jerusalem.

Ex-Italian Colonies—It brought solutions where the Big Five had failed to do so, declaring independence for Libya by 1952; placing Somaliland under UN Trusteeship with Italy as the administering power. At its next session it will decide the future of Eritrea, after consulting its people.

Human Rights—It adopted a Universal Declaration of Human Rights, to be followed by a Convention on Human Rights.

Genocide—It submitted to member governments an International Convention to Prevent and Punish Genocide.

RING-AROUND-A-ROSY-FUTURE. President Carlos Romulo, Delegates Warren R. Austin, of the USA, Andrei Y. Vishinsky, of the USSR, Hector McNeil of the UK.

UN Security Council

The Security Council has intervened in a number of disputes that threatened world peace and security:

Iran—It caused the USSR to evacuate its troops from northern Iran.

Syria and Lebanon—It induced Britain and France to withdraw their troops from these countries.

Palestine—Its "cease-fire" order to Arabs and Jews put pressure behind peace negotiations and mediation of differences.

Berlin—Its discussion of the dangerous situation resulting from the Soviet blockade led to renewed East-West contacts and the blockade's lifting.

Indonesia—Its "cease-fire" to Dutch and Indonesians prevented

conflagration in Asia. Its continuing pressure forced action leading to recent Indonesian independence.

Kashmir—It intervened in the India-Pakistan dispute over possession of Kashmir with (1) a "ceasefire"; (2) truce negotiations; (3) arrangements for a plebiscite to determine the will of Kashmir's people.

The Security Council's three major Commissions—the Atomic Energy Commission, the Commission for Conventional Armaments, and the Military Staff Committee—have suffered uniformly from Soviet rejection of majority proposals. Yet they have increased our knowledge of the steps that must be taken to eliminate atomic war, reduce armaments, give the UN power to enforce sanctions against aggressors.

World Court

If a world rule of law ever prevails, the International Court of Justice will judge all disputes formerly settled by wars. Members of the UN owe compliance to its decisions, which can further be implemented by the Security Council. The Court has had referred to it:

Corfu Case—It ruled that Albania was responsible under international law for damage caused to two British destroyers and loss of 44 lives by a mine explosion in the Corfu Channel.

UN Personnel—It decided that the UN, as an international personality, can bring claims for reparations for injuries to UN personnel on official missions.

Human Rights — It will decide whether human rights violations in Bulgaria, Hungary and Rumania can be dealt with as failures to abide by the peace treaties.

South-West Africa—It will decide whether South-West Africa, mandated to the Union of South Africa by the League of Nations, must be placed under the UN trusteeship system, as demanded by the General Assembly.

Economic and Social Council

The UN Economic and Social Council stands at the center of the largest international system ever set up to build peace in a world which cannot avoid conflicts while political stability is undermined by fear, ignorance and famine. The Council's achievements in many respects outweigh all else the United Nations has accomplished. It carries out its policies through 1) a ring of Commissions aided by the UN Secretariat; 2) the cooperating Specialized Agencies (See Page 35).

Economic commissions have contributed hugely to postwar recovery: The Economic Commission for Europe (ECE) initiated measures that increased steel output 34 per cent; its coal allocations plan stepped up industry; its surveys improved transport and agriculture.

The Economic Commission for Latin America has analyzed postwar trade difficulties, helped improve production and distribution of food.

The Economic Commission for Asia and the Far East has made vital recommendations on fuel and power, transport, agriculture, textile and heavy industry, and has established a Bureau of Flood Control.

Social commissions have charted progress for millions of people through:

The Universal Declaration of Human Rights. A world Convention on Human Rights is in preparation.

Studies of the Status of Women, stressing their right to full equality of political, economic and educational opportunity.

Worldwide control of narcotics.

Studies of world employment, shipping and trade, transport and communication, and population.

The Technical Assistance Program for underdeveloped countries will be in full swing in 1950, giving enormous impetus to world economic development and trade. The Specialized Agencies activating the plan and their precise roles in it, are:

World Bank and Monetary Fund: Reviews economic expansion plans of underdeveloped countries, grants for equipment and modernization.

ILO (International Labor Organization): Advises governments on labor and social legislation, employment and manpower practices for an expanded economy.

FAO (Food and Agriculture Organization): Demonstrates scientific management of food crops, animal and poultry breeding, forestry, fisheries, rural industries.

UNESCO (United Nations Educational, Scientific and Cultural Organization): Sets up training programs for factory and farm workers and supervisors.

WHO (World Health Organization): Combats malaria, V.D. and other scourges impeding economic progress; installs health services.

IRO (International Refugee Organization): Furnishes technicians, skilled and unskilled labor as required to get industrial expansion programs under way.

UN Trusteeship Council

The UN Trusteeship Council safeguards the interests of millions of people still unprepared for self-government and ruled by one of the major powers. Under its influence and stimulus, civilization is pushing back the frontiers for colonial peoples, bringing education, medical care and employment opportunities to supplant tribal wars, superstitions, disease, fear that often took horrible forms. Procedure is three-fold:

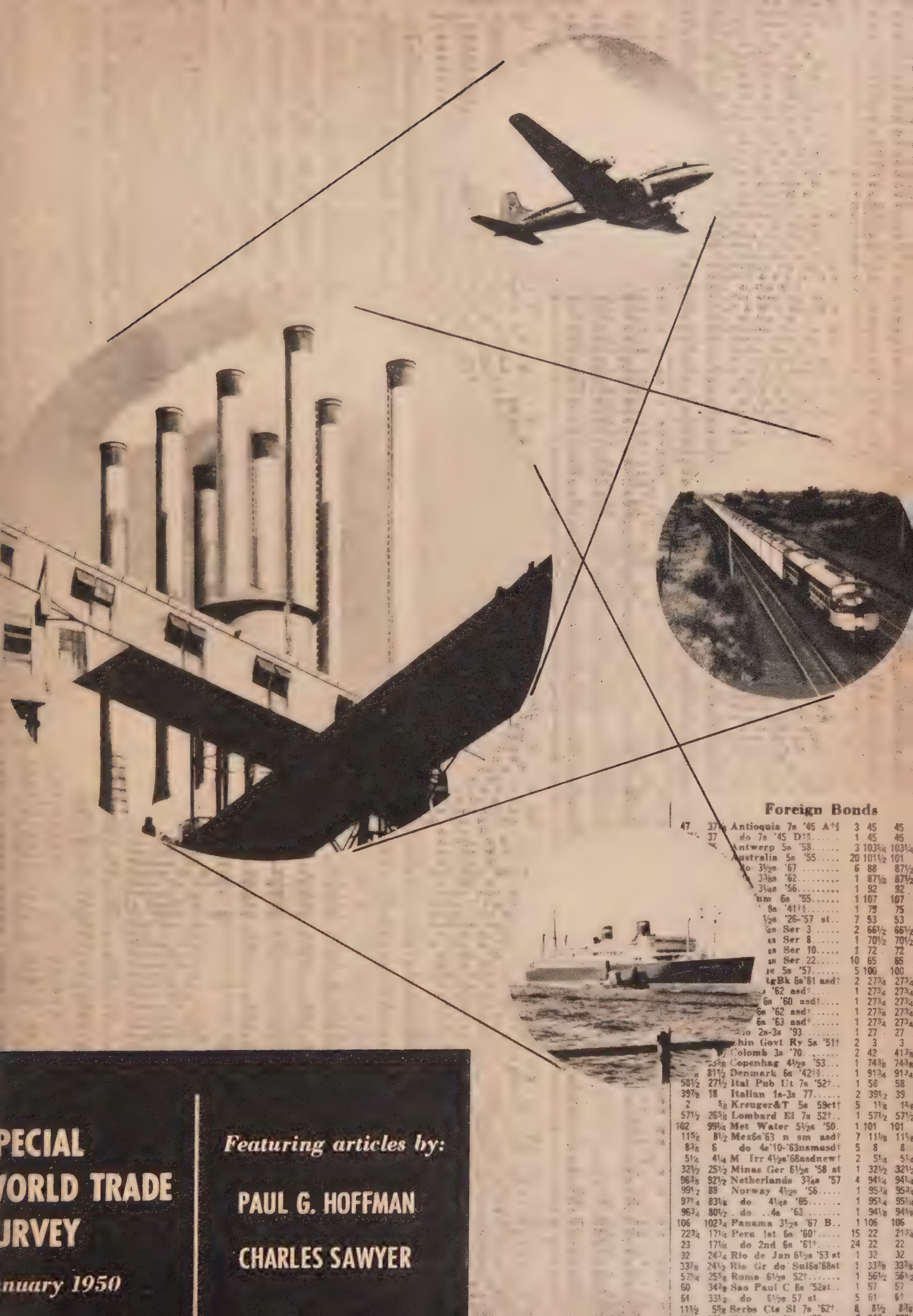
Annual questionnaires require Administering Authorities to state what they are doing to further political, economic, social and cultural progress.

Visiting Missions to trust areas study at first-hand the needs of primitive peoples.

Petitions of non-selfgoverning peoples are heard and their complaints adjusted with the Administering Authority.

UN Children's Appeal

The UN's International Children's Emergency Fund has received contributions from the governments and peoples of 41 countries and 30 nonselfgoverning territories. It provides food and other essentials to millions of children and expectant mothers in Europe and Asia.



Foreign Bonds

47	37⅛	Antioquia 7s '45 A*§	3	45	45	
	37	do 7s '45 D†§	1	45	45	
		Antwerp 5s '58	3	103¼	103¼	
		Australia 5s '55	20	101½	101	
		do 3½s '67	6	88	87½	
		3⅜s '62	1	87½	87½	
		3¼s '56	1	92	92	
		Bme 6s '55	1	107	107	
		8s '41†§	1	75	75	
		½s '26-'57 st	7	53	53	
		4s Ser 3	2	66½	66½	
		4s Ser 8	1	70½	70½	
		4s Ser 10	1	72	72	
		4s Ser 22	10	65	66	
		ie 5s '57	5	100	100	
		tgBk 6s'61 asd†	2	27¾	27¾	
		'62 asd†	1	27¾	27¾	
		6s '60 asd†	1	27¾	27¾	
		6s '62 asd†	1	27¾	27¾	
		6s '63 asd†	1	27¾	27¾	
		do 2s-3s '93	1	27	27	
		hin Govt Ry 5s '51†	2	3	3	
		Colomb 3s '70	2	42	41⅜	
	25⅝	Copenhag 4½s '53	1	74⅜	74⅜	
	81½	Denmark 6s '42†§	1	91¾	91¾	
58½	27½	Ital Pub Ut 7s '52†	1	58	58	
39⅞	18	Italian 1s-3s '77	2	39½	39	
2	⅝	Kreuger&T 5s 59ct†	5	1⅛	1⅛	
57½	28⅝	Lombard El 7s 52†	1	57½	57½	
102	99¼	Met Water 5½s '50	1	101	101	
11⅝	8½	Mex6s'63 n sm asd†	7	11⅛	11⅛	
8⅜	6	do 4s'10-'63nsmasd†	5	8	8	
5¼	4¼	M Irr 4½s'68asdnew†	2	5¼	5¼	
32½	25½	Minas Ger 6½s '58 st	1	32½	32½	
96⅜	92½	Netherlands 3¾s '57	4	94¼	94¼	
99½	88	Norway 4½s '58	1	95¾	95¾	
97¼	83⅛	do 4¼s '65	1	95¼	95¼	
96¾	80½	do 4s '63	1	94⅛	94⅛	
106	102¾	Panama 3½s '67 B	1	106	106	
22¾	17¼	Peru 1st 6s '60†	15	22	21¾	
23	17⅛	do 2nd 6s '61†	24	22	22	
32	24¾	Rio de Jan 6½s '53 st	1	32	32	
33⅞	24½	Rio Gr do Sul6s'68st	1	33⅞	33⅞	
57¼	25⅝	Rome 6½s 52†	1	56½	56½	
60	34⅞	Sao Paul C 8s '52st	1	57	57	
61	33½	do 6½s 57 st	5	61	61	
11½	5⅝	Serbs Cts Sl 7s '62†	8	8½	8⅜	

SPECIAL
WORLD TRADE
SURVEY

January 1950

Featuring articles by:

PAUL G. HOFFMAN

CHARLES SAWYER

A New Turn In Foreign Aid

By PAUL G. HOFFMAN

Build a Continent of Western Europe

Europe's economy grew to greatness when its trade was free and competitive. If it is ever to achieve that greatness again, it must sweep aside the choke-weeds of high tariffs and cartels and import and exchange controls that, for half a century, have clogged the flow of goods among its peoples.

Mr. Hoffman makes the bold suggestion that, to get Europe off the back of the American taxpayer and make it solvent, it must be enabled to compete in the dollar market.

ECA ADMINISTRATOR PAUL G. HOFFMAN

THERE is nothing fundamentally complicated about world trade. As one economist has put it, all trade boils down to the simple transaction of exchanging "goods for goods." In the world today, however, that simple transaction has become complicated through a legion of artificially created barriers.

These barriers have thrown world trade completely out of balance.

Working with the Europeans in the efforts to put their economies on a sound basis, this was one of the first facts to confront us. It is one of the major problems to be solved if the goal of the Marshall Plan is to be attained. . . . "The return of normal economic health to the world without which there can be no political stability and no assured peace."

Until the turn of the century, Europe was the undisputed center of world trade and commerce. The conditions in which Europe's modern economy grew great were a substantially free trade throughout Europe, a free movement of labor, and a substantially free movement of capital. Because Europe was in effect a single market, within the limits of the then-existing knowledge and techniques, full use was made of Europe's re-

sources. Competition exercised a relentless pressure on costs, and stimulated a continuous search for new and more efficient methods of production.

As a consequence of these benign conditions, trade among the countries of Europe and between Europe and the world increased geometrically. Wealth grew so rapidly that European capital flowed out in a great stream to high-yield, productive enterprises throughout the world, stimulating still further demand for European manufactures. And with minor exceptions, there was real peace among nations.

Europe's Cutthroat Nationalism

But for fifty years—up until recently—Europe has been in the process of destroying little by little these conditions of its economic greatness. The breakdown of the European security system that accompanied the rise of German power late in the last century drove the nations of Europe to increasing political and economic nationalism. This nationalism was intensified after the first World War as each nation sought to solve the problems of economic reconstruction along lines of national self-sufficiency, and tariff barriers were raised to heights heretofore unknown.

Then came the world depression, and instead of attacking the problem of growing poverty by cooperative measures, each nation in Europe tried to solve it by beggaring its neighbor. Tariffs were no longer sufficient. The absolute trade restriction came into being in the form of import quotas and exchange controls. These rigidly determined the amounts of goods that could move in international trade, and sharply reduced the influence of the competitive process on the flow of trade.

During the second World War the tools of peacetime nationalism were converted to instruments of economic warfare. And after the end of hostilities, they remained instruments of economic warfare in the service of nationalism.

Let us consider the consequences of trade restriction in Europe and its effects upon Europe's economic position in the world.

Europe's basic economic problem today is often described as the "dollar shortage." That is to say, Europe is unable to sell enough of its products in the United States and other non-European countries to pay for what it must buy from those countries in order to maintain a decent standard of living. We are just now fully realizing that Europe's inability to compete in the world today is due in large part to the fact that increasingly for fifty years European producers have met less and less competition. Trade restrictions have more and more removed the pressure of foreign competition; as a matter of fact, what little competition remained in the basic industries was largely eradicated by the formation of international cartels.

The Rigor Mortis of Competition

And these restrictions on trade also resulted in a softening of competition within the European countries. Theoretically, of course, internal competition could prevail within a country even though competition from without were barred. Actually, the maintenance of effective competition in any one of the units of the highly compartmentalized European economy has been most difficult because of smallness of size even if there were anti-trust laws. In the absence of anti-trust laws, internal competition has been further weakened. In the absence of such laws, many business managements quite understandably have gotten together, fixed prices, and divided markets. I say "quite understandably" because no one really likes competition. It is not a comfortable way of life because it requires hard thinking on the part of business managers if they are to stay in business, and hard thinking is indulged in by most of us only when under great pressure. (At least I know that is true in my own case. As a corporation president, whenever a really tough problem came to my desk, my first thought was of the vice president to whom I could assign it.)

It is difficult to envision precisely the effect that full and invigorating competition might have had if it had prevailed in the European economy. This we do know—that if there had been freer trade and livelier competition, European productivity today would not be as low as it is, less than fifty percent of that of either the United States or Canada.

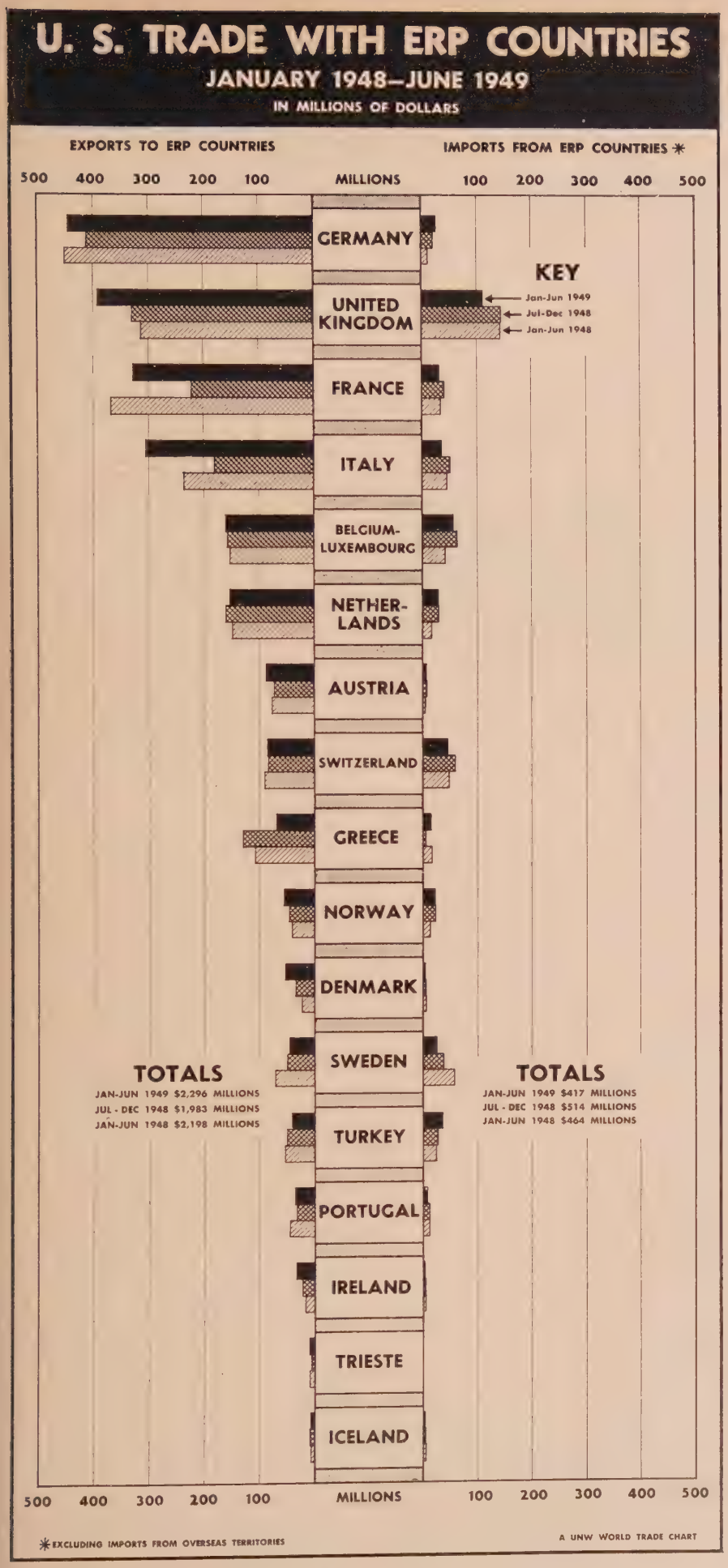
Rusting Resources and Sleeping Skills

With small national economic compartments surrounded by high walls, Europe has also been unable to make the most efficient use of its resources. And by resources I mean not only raw materials but skills and labor supply as well. High cost raw materials available within a country have had to be used in preference to cheaper ones across the border. Many countries for reasons of national pride or self-sufficiency have embarked upon certain lines of industrial production whereas production capacity in already existing highly efficient plants in still other European countries has remained idle. Italy and Western Germany have a surplus of population. France has a deficiency. And yet immigration barriers have prevented a flow of labor from a surplus to a deficit area.

The advantages of mass production and of a mass market have thus disappeared as national economic barriers have risen. The inefficient use of the resources of a continent have caused ever mounting costs. It is small wonder that Europe's ability to compete in dollar markets has declined.

Europe's competitive problem was brought to a crisis by the recent war which destroyed a large part of its productive plant and cost it most of its foreign investments. Economic nationalism directly contributed to the planning and waging of that war. It aided Germany twice in planning aggression against its neighbors and at the same time operated to prevent the rest of the world from uniting in time to discourage attack.

It was only behind absolute trade barriers that Hitler was able to create a synthetic gasoline industry and a synthetic rubber industry. It was only behind the most rigid trade barriers that Hitler was able to convert the



German economy from the production of butter to the production of guns. If the European economy had been integrated, with its resources used in the most efficient manner, with trade flowing freely from one unit to another, neither Germany nor any other country would have been able to put itself into a position to sustain an effective attack on its neighbors. Unless the economy of western Europe is thoroughly integrated now, with the possibility removed that any nation can organize its resources for war, Europe will never be able—just for reasons of security alone—to increase its productivity and its ability to compete abroad. Each nation will be under a relentless pressure to warp its economy to the requirements of military security.

From whatever point of view you look at it, trade restrictions have been the curse of Europe during the last fifty years, and I do not see how Europe will ever find military security or economic well-being until it sweeps those barriers away. One of the first things the Organization for European Economic Cooperation had to do a little more than a year ago to get a recovery program started was to devise emergency measures to revive intra-European trade; for by the summer of 1948 that trade had been reduced to a trickle. An intra-European payments plan was put into operation. The heart of this plan was the provision of dollars by the Economic Cooperation Administration to some countries to buy the surpluses of others. This plan had an immediate and highly beneficial effect on intra-European trade and upon European recovery.

It is clear, however, that an intra-European payments scheme based on the provision of dollars from the United States is no permanent solution, for when the dollars stop, a great deal of intra-European trade may well stop too.

The European nations represented in OEEC are well aware of the dimensions of the problem and of the urgency of creating permanent arrangements for a large and increasing trade among them. This problem was the chief item on the agenda at the

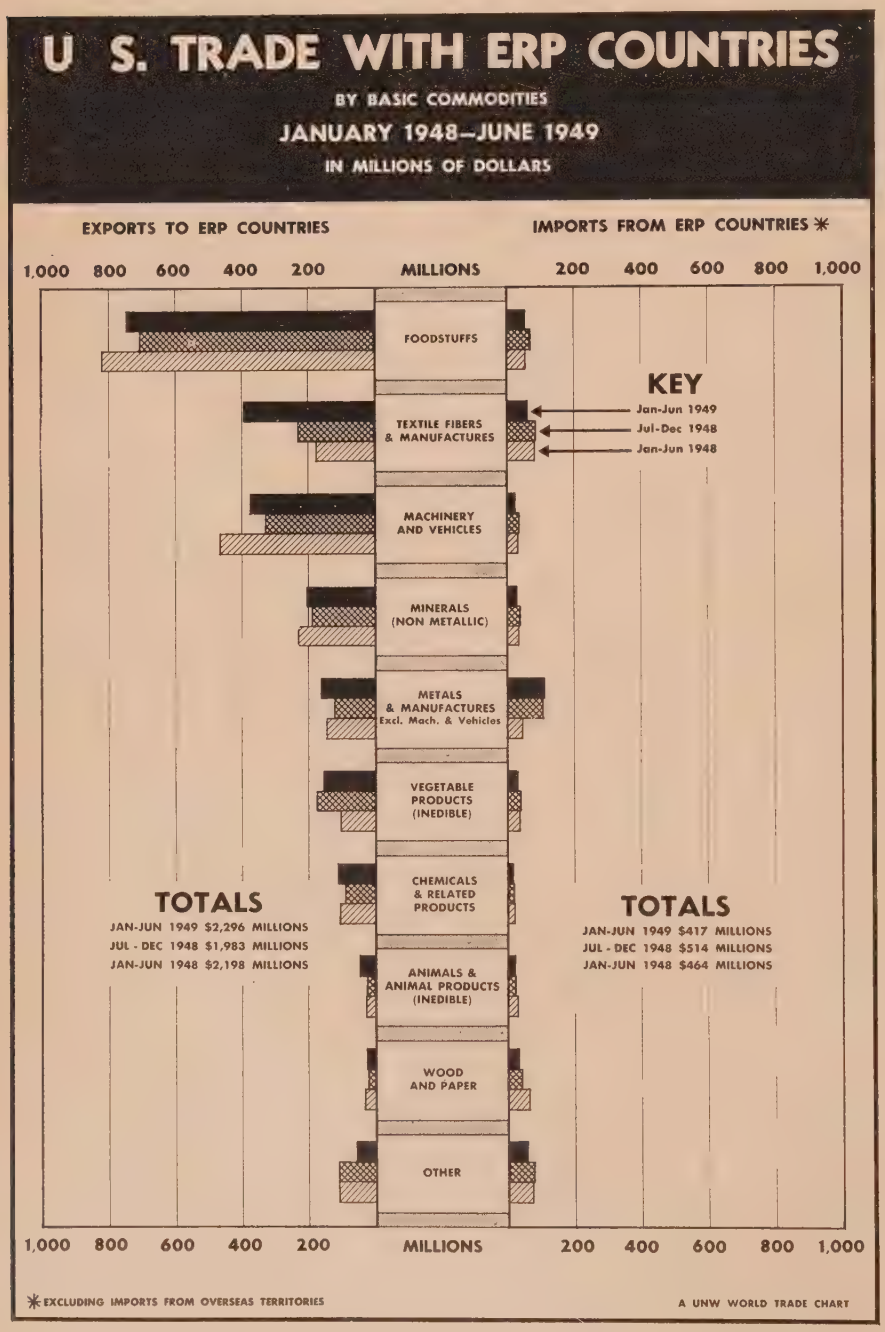
recent meeting of the OEEC in Paris, which I attended this past autumn.

Before meeting with the OEEC itself I had a series of discussions with far-sighted European leaders, and with our ambassadors in the participating nations, who were at the moment meeting in Paris. I also had long talks with our ECA special representative, Ambassador W. Averell Harriman. Growing out of these consultations was the program of action I presented to the OEEC on October 31, which was designed to stimulate immediate action toward certain definite short-term objectives and toward a long-range goal as well.

I suggested first that the participating countries take really effective action by early 1950 to remove quantitative restrictions on trade. I suggested secondly that effective action be taken by early 1950 to eliminate the unsound practice of dual pricing, that is, maintaining export prices for fuel and basic materials at higher levels than domestic prices.

The long-range goal I put before the OEEC was the effective integration of the economy of western Europe—the building of a single market of 270 million consumers, in which quantitative restrictions on the movement of goods, monetary barriers to the flow of payments, and eventually all tariffs should be permanently swept away. I advanced this as the only framework in which Europe could begin to become truly self-supporting, and within which Europe could achieve a high and rising standard of living.

We in ECA, of course, are fully aware of the difficulties involved in creating a single market in Western Europe out of segments historically separate. We realize that it cannot be done overnight. Therefore, I pointed out to the OEEC that as a practical method of working toward the goal of economic integration smaller regional groups of countries might make faster progress toward the same goal. I suggested that the small groups of countries push ahead in their arrangements for integrating their economies, while keeping ever in mind the necessity of reducing the economic restrictions between groups and moving in a direct line toward the ultimate goal of the economic integration of the whole of western Europe and its overseas territories.



An Ounce of Action is Worth a Pound of Resolution

The OEEC accepted the suggestions offered and embodied them in a resolution recommending action by the participating countries. There is no magic in resolutions of course, and I so pointed out in a final talk to the OEEC. What is needed is immediate action on short-range objectives and the immediate formulation of realistic plans for action toward the larger goal.

I am confident that we will see action in the near future that will accomplish the short-term objectives that I presented to the OEEC. I also have high hopes for early and rapid progress toward the longer-range goal of European integration. I say that realizing that it can come about only as a consequence of inspired leadership by the Europeans themselves. Europe must itself produce the leaders, the methods, and the institutions that will make a new continent

in Western Europe out of an assemblage of gallant but economically strangled nations.

On our side of the Atlantic we must not frustrate the Europeans by failing to recognize the fundamental truth that *trade is really a two-way street.*

The New Open Door Policy for the US

That's elementary. Yet we forgot it after World War I, and created tariff walls that still bring a shudder to Europeans. That we will once more fail to act the part of the world's principal creditor nation is, I know, one of the dominant fears in Europe today. The State Department's recent announcement of substantial US tariff reductions has been in some part reassuring. It will, I believe, accelerate the chain reaction of Europe's healthy resurgence. But we, in America, must not permit a reversal or slow down in our policy of opening wider the highway of mutually advantageous trade.

Speaking quite bluntly, the multi-billion dollar investment of our taxpayers in European recovery will not pay off unless the European nations can be induced to put forth a supreme effort to earn dollars in the United States market and unless we let them do so. Europe can, of course, earn some of those dollars in a way painless to us—by the process of getting us over as tourists to see her sights. But even granting that tourism can be substantially increased, tourism alone will not give Europe enough dollars. The fact is—and I repeat—that Europe has got to produce and sell competitively to us enough of the things we want so she can pay for the things she must have from us.

So it is that the solution of the world's present economic problems is a responsibility shared by all free men. It is, also, a shared opportunity. We have it in our power, if we stay together and work together, to create, I think, the Golden Age of which all men, over the ages, have dreamed.

Mr. Hoffman on Foreign Aid and the US Tax Dollar

In fiscal 1950 our federal expenditures will be approximately 43 billion dollars. Even a liberal estimate of the national income for fiscal 1950 would not place it above 220 billion dollars. Fifteen per cent of that 220 billion dollars is 33 billion dollars. That means, of course, that we are overspending, by the 15 per cent rule, at the present time to the extent of 10 billion dollars.

The key question is how to cut approximately 10 billion dollars from our federal expenditures and thus bring them down to an economically healthy level. In order to answer this question, let's break down the fiscal 1950 expenditures:

Defense Expenditures, including Atomic Energy and MAP (Military Assistance)	$14.5	billion
Veteran Benefits	6	"
Foreign Aid Expenditures	5	"
Interest on Debt Expenditures	5.5	"
Other Governmental Expenditures	12	"

There is nothing that can be done to reduce the item of interest. Other expenditures of the government can perhaps be cut by a billion dollars. That, in my opinion, is close to the limit. Veterans' benefits are high, but if history repeats itself, they will not get lower. This forces us to the conclusion that if we are to get federal expenditures below the danger point, reductions must come out of defense expenditures and foreign aid.

With the world in its present troubled state, no one in his right mind would suggest a drastic cut in military expenditures. That leaves just foreign aid. Why not slash foreign aid expenditures?

My answer is that foreign aid should be reduced as rapidly as possible. In fiscal 1949 the ECA appropriation was approximately 5 billion dollars; for fiscal 1950, under 4 billion dollars; for fiscal 1951 it should be again reduced sharply—to perhaps 3 billion dollars. And ECA aid should be terminated on its schedule date of June 30, 1952. But even with ECA liquidated, I doubt if expenditures for foreign aid can be held below 2 billion dollars annually. If we want to be realistic, we must recognize that there will be special situations throughout the world which will call for financial support from the USA.

Let's assume that we can save 3 billion dollars in foreign aid and 1 billion dollars in normal government expenditures. We are still 6 billion dollars over the danger point. That 6 billion dollars can come from one place, and one place only—defense expenditures. It can come out of those expenditures, *safely*, only if the European situation is more secure than it is at the present time. It can come out only if the free nations of Western Europe have won the cold war which Russia has been waging relentlessly against them. That war will not have been conclusively won until the free nations are again strong and prosperous and until they have achieved a unity both from an economic and a political standpoint.

Brazil is the second largest customer of the US

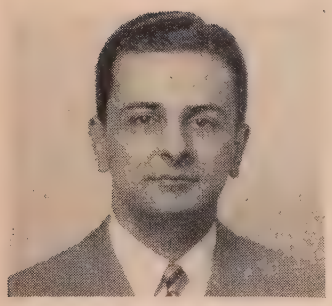
But, a brilliant Brazilian economist warns,

She is not happy

About the way the US does business

How to Lose A Billion Dollar Market

By JOSE GARRIDO TORRES



JOSE GARRIDO TORRES is a noted Brazilian economist who has represented his country at International Trade Conferences in London, Geneva and Havana, and has served on the Economic and Employment Commission of the UN Economic and Social Council. He is currently Director of the Brazilian Government Trade Bureau.

TRADE between the United States and Brazil topped the billion-dollar mark in 1947 and 1948 and hovered near that level as 1949 closed. Curiously, most of this billion-dollar business (larger than that between the US and any other country in the world except Canada) was contributed by Brazil. While its population is a third that of the United States and its per capita income is about 1/20 of the average American's, Brazil bought $504 million of US goods in 1949.

But since 1947 Brazil's three-year deficit in its trade with the United States has amounted to more than $400,000,000 or about $8.00 for every Brazilian. Brazil herself has been footing this bill, and has been able to pay it only by means of careful rationing of imports and at the cost of an "austerity" like Britain's.

Brazil, the Heartland

Brazil is a continent in itself. In the same way that the United States is the heartland of the northern hemisphere of the Western World, so Brazil is the heartland of the southern hemisphere. A developed, prosperous Brazil is a key, both economically and strategically, to the security and prosperity of the United States and the New World.

These facts were realistically recognized during the war. They were unrealistically ignored, many feel, after the war. Brazil had adequate US aid

in converting its economy to wartime production. It has had to reconvert its economy to peacetime production largely alone. The postwar shift in emphasis in US foreign economic policy left Latin America more or less in the background. This had a special impact on Brazil, which had contributed a vast flow of vital war materials to the Allies, provided bases, helped to guard the South Atlantic against the Axis, risked its merchant fleet, losing 23 vessels, and alone of the Latin American countries put an army into the field (in Italy) against the common enemy.

Brazil, despite its great actual and potential strength, remains one of the largest underdeveloped areas of the world. Its wartime contributions placed terrific stresses on its economy which still lacks balance between field and factory. High prices, scarcities, outworn equipment and dislocated trade were consequences of its wartime rôle.

Yet, in the midst of a world-wide postwar crisis, Brazil raised its basic industrial output five times above prewar, boosted its trade with the United States eight times over the 1936 level, added eight million acres to its croplands between 1942 and 1948. And as part of its overall plan for industrialization, it launched a vast government and private power-development program and inaugurated and ran at a profit the largest steel works in Latin America. These achievements illustrate the basic capacity of Brazil's developing economy and point graphically to what it can be in the future.

Danger Signals

Brazilians and Americans agree that the future of the two countries is indissolubly linked. For more than a hundred years we have been friendly neighbors and allies. In the years to come this relationship will continue, alterable only if unsolvable problems arise. But neither Americans nor Brazilians think in terms of unsolvable problems—we speak of problems to be solved. In general, the problems we face are ones of economic maladjustments, although there is also the problem of ignorance.

Brazil, except as the name of some remote tropical land "where coffee comes from" and "where they dance the *samba*" has been practically unknown in the United States. Its long record as a friend and ally, as a rich field for American investments and economic pioneering, was known only among select groups, mostly of businessmen, who reaped rich rewards from their knowledge. The average American still confuses Brazil with a vague, blurred concept of a place called *Latin America*, where beguiling straw-hatted natives play guitars amid hee-hawing burros and cactus.

The really serious problems, however, concern US-Brazilian economic relations which are complementary. That is why close attention is being given to corrective arrangements such as President Truman's proposed "Point Four" for development of backward areas; to possible investment treaties under which the hesitant wing of American investors would be encouraged to help build up countries like Brazil on a mutually profitable basis; and to plans for increasing or creating US markets for Brazilian products.

The most obvious evidence of economic maladjustment, doubly serious in times of inconvertibility such as the present, is Brazil's unfavorable trade balance, its "commercial arrears." These reflect its inability to sell to the United States enough to make up the amount owed on purchases, dividends, services and the like. It is thus a symptom of a combination of economic ills. They carry within them the seed of declining profits for American foreign traders —and the seed of a possible depression in the United States and throughout the Western World.

Brazil has had to cut its purchases in the United States in proportion to its trading deficit—and that means money out of the pockets of exporters to Brazil and wage-cuts or unemployment for those whose jobs depend on them. This single-line reaction carries with it side-reactions in the whole field of economic relations.

Surely remedial measures must be aimed at eliminating those errors of commission or of omission which threaten the basis of complementary trade and of complementary production. The economic philosophy which prevails generally today stresses that each country should develop its economy in line with its natural capacities, that, in short, there should be specialization in production. But Brazil nevertheless finds that certain products which are turned out by this very specialization may be frozen out of the US market by a conflicting trend toward self-sufficiency. She

U OF I
LIBRARY

How to Lose a Billion Dollar *continued*

finds that she cannot develop other specialized production in accord with her natural resources because adequate economic cooperation from the US is lacking.

Among errors of commission affecting Brazil-US relations are development of synthetics in US laboratories and certain crops in competition with Brazil's natural products; and subsidized development, in colonial areas, of competitive raw materials.

Errors of omission include insufficient investments, credits and technical cooperation, and the failure to adjust tariffs and freight costs to economic necessities.

These are two-way problems which are also danger signals along the road of US-Brazilian economic relations, and which persist even within the framework of the Marshall Plan and Point Four proposals.

Priority for Brazil

Marshall Plan aid goes to Britain, Belgium, Holland and France and is syphoned by them to their colonies; Point Four aid may go to these colonies directly. The present economy of raw-material producing countries in the Americas might be shattered as a result of the competitive production thus fostered.

Brazil, not merely because of its economic significance to the United States but because of its key relationship to the security of the Western Hemisphere, deserves primary and mutually beneficial consideration. It views the Marshall Plan sympathetically and is genuinely enthusiastic about Point Four, but from the strictly economic standpoint, the latter would seem to be working at cross-purposes to develop some colony as a source, say, of vegetable oils, when Brazil has them in such profusion that they go to waste for lack of marketability and technical facilities. "Brazil's resources of vegetable oil-bearing raw materials are so tremendous they stagger the imagination," reported a US Vegetable Oil Mission in 1942. Then why develop a competitive product somewhere else?

The solution to this complicated question of colonial development would seem to lie in concentration on regional upbuilding on a non-competitive basis. Products rivaling those produced in the Americas should not be fostered in colonies where cheap raw materials are possible only on the basis of the cheapest labor and the lowest living standards in the world. In short, while far fields may seem greener, nearby fields should be tilled first.

This is not a snow-bank in some northern clime, but salt piled high in Cabo Frio in the State of Rio, Brazil, waiting to be loaded on the ships off-shore for export.

A related peril point is the increasing US trend toward laboratory development of materials chemically similar to those produced naturally in Brazil. Synthetic minerals, waxes, oils, fibers are some of the present threats. Here, again, it seems unnecessary for American capital and know-how to concentrate on making artificial products that Brazil already has in nature, in practically unlimited supply, awaiting merely the magic touch of funds and technology. If the time and money used in developing synthetics were turned toward increased, lower-cost production and standardization of natural products in Brazil, the basis for normal, complementary economic relationships would be strengthened, not weakened.

The economy of the world as a whole and of Brazil and the United States in particular are so intimately interlinked that each new trade trend must be carefully appraised in relation to all three. It is better to have a prosperous Brazil and a prosperous United States without unnecessary synthetics and colonial competition, than to have an economic crisis with them.

Fewer Barriers—or More?

These are some of the errors of commission. There are also errors of omission, failures to remove outmoded barriers to economic expansion. The goal of freer trade, for example, cannot be attained if high tariffs bar Brazilian and other goods from the American market thus lengthening the life of the dollar shortage. To illustrate: Brazil sells plywood as far away as Turkey, yet it is barred from the US by a 40 per cent ad valorem duty. Brazil's fine, hand-made blouses, one of many opportunities for profitable trading, are kept out by a 50 per cent duty. Added to shipping costs, such levies are as effective in barring Brazilian goods as an array of atom bombs. Freight-rate differentials, figured against refined products and in favor

of the raw material of the same product, also tend to lessen Brazil's dollar income and to hold back her industrialization—which is, in turn, a primary stimulus for trade.

More complex errors of omission involve insufficient US investments, too stringent credit terms and not enough technical cooperation. Recognition that these problems are urgent and compelling prompted the Joint US-Brazil Technical Commission (Abbink Mission) to undertake its extensive Brazilian survey early last year. In their Joint Declaration, Presidents Dutra and Truman announced their agreement on US investment and technical assistance aims. It is no accident that Brazil has consistently been mentioned as the most likely proving ground for Point Four.

Bigger US investments, loans for development, freer credits and technical assistance, among other things, mean bigger Brazilian markets for American goods, bigger American markets for Brazilian goods. More and better raw materials and semi-manufactures needed by US industry could be supplied directly with the aid of branches established in Brazil. These could also manufacture for the Brazilian and South American markets. The increased production that would result within Brazil would raise its purchasing power to an unprecedented extent, boosting the demand for US goods in proportion. And incoming US investments, plus enlarged exports, would guarantee enough dollar returns to pay for all Brazil might buy; and enable her at the same time, as a debtor nation, to pay off her obligations in dividends, services and interest. The $500,000,000 market the US had in Brazil in 1949 could easily be doubled; after all, it was $760,000,000 in 1947.

Crossroads Reached

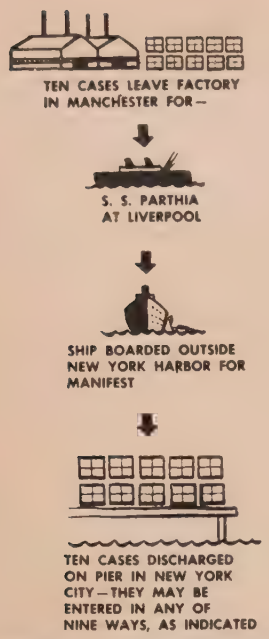
In a very real sense, economic relations between Brazil and the United States are at a crossroads. Where we go from here depends on what we do now, concretely, to make real the promises (and avoid the dangers) implied in blueprints such as Point Four, in encouraging investment, in developing resources and markets.

The cost of an indifferent attitude is shown in the $255,000,000 decline in Brazilian purchases in the United States between 1947 and 1949. That is a cold-cash loss which American business should understand. In terms of what might have been, the loss is greater still. Between 1947 and 1949 Brazil bought $1,855,000,000 worth of US goods and services; the US, for all its huge buying power, purchased only $1,410,000,000 from Brazil. It is in the interest of the United States, as an insurance against future depression, to expand international trade. Our economies are tightly linked. Trade can be enlarged only through international cooperation for the purpose of raising purchasing power by means of heightened productivity. This is the key to prosperity in the United States and abroad. The challenges of world trade must be met by expansion, not by restriction. We cannot have a world of economic Chinese Walls, and a world of economic willingness to cooperate at the same time.

Favorable treatment, tax concessions and lower costs await US business establishing its own productive enterprises within Brazil, at the source of raw materials. The economic benefits in any such step are clear for US processors of castor-beans, cocoa beans, vegetable oils and waxes, minerals and agricultural products. Those benefits have been amply attested by American businesses already set up in Brazil. None has lost money from direct investments. None has ever been expropriated. All have made good profits. All have expanded. Partnership of this kind in building up Brazil on a basis of mutual advantage is the key not only to Brazilian industrialization, with higher production and living standards, but also to the growth of complementary economic and political relations between Brazil and the United States in all fields. On that growth, in turn, may depend the future of the Western World.

Several operations removed from your morning cup of coffee is this plantation in Brazil where the beans are dumped on the ground in long rows to be dried in the sun.

With prophetic insight, Thomas Jefferson in 1786 wrote to John Jay about his conversations with the Brazilian patriot José Joaquim de Maia, concerning American help for Brazilian colonials in their independence struggle against Portugal. "The prospect of lucre might possibly draw numbers of individuals to their aid," said Jefferson, "and for purer motives, our officers." The prospects for "lucre" remain and are greater than ever in what potentially is the world's richest underdeveloped area. It may be hoped that the "purer motives" also can be invoked.



Narrow vision and wide red tape
Impede the free flow of goods
Across the world's boundary lines

Tariff Reform:

Begins at Home

By CHARLES RIOTTE
President, M. J. Corbett & Co.

THE best way to remedy the dollar gap is to get more goods imported into the US. In recent weeks a vast array of leaders in industry and government, in labor and agriculture, both here and abroad, has pointed out that this would require many European businessmen to reorganize their factory methods, to install new and more efficient machinery, to pay sharper attention to merchandising and advertising, and to redesign product and package to suit American tastes and preferences. And to display a determination to serve the American customer with the same care and diligence that he receives from the American producer.

Now it is certainly true that increased sales of foreign wares in this country will provide dollars to maintain our export markets. They will also help to build up our stockpiles of essential raw materials. They will assist in raising living standards, in the US and throughout the free world. But while all this is true, it is only part of the truth. The fact is that the responsibility for the success of any program to increase US imports does not lie exclusively or even primarily with the businessmen and governments overseas as so many of our own industrial and political leaders would have us believe. Our archaic, wasteful and unnecessary customs procedures, which are the vestigial remains of the protectionist period in American history, effectively discourage altogether too many foreign producers and merchants from exporting to the United States. This condition has particular point when balanced against the plea of various American statesmen for the integration of Western European economies. It is asserted that the alpha and omega of any such integration is a freer flow of goods and services across boundary lines. But what we are overlooking is that while we are urging the nations of Western Europe to buckle down and "integrate," we continue to maintain almost invincible impediments to that freer flow of goods right here in the US.

Every American, whether an executive or worker, or farmer or doctor or architect or civil servant, feels directly and indirectly the repercussions on his pocket book of the tariff and related administration provisions.

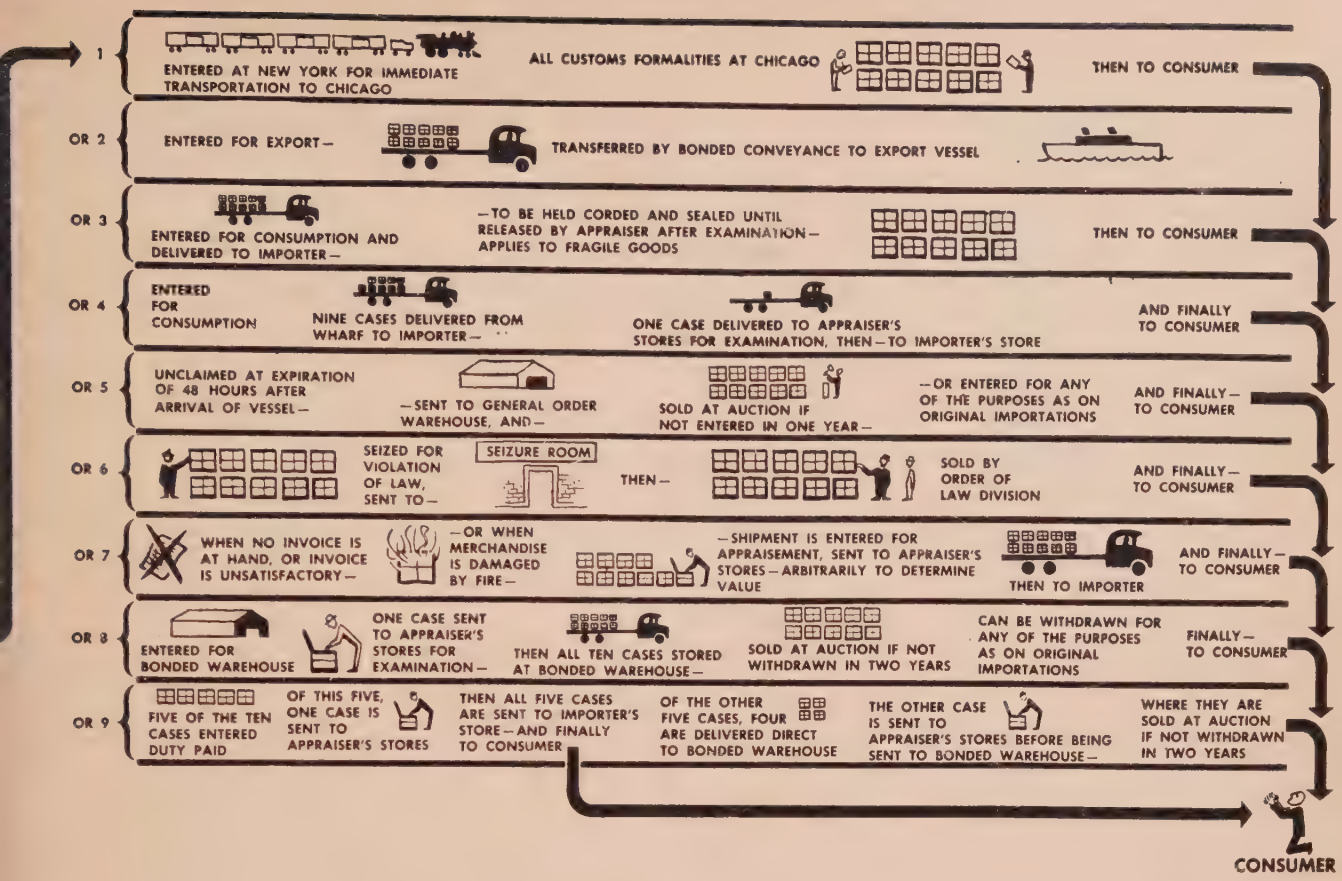
To the producer, industrial or agricultural, the tariff requires careful analysis as a factor entering into the costs of competition and profit margins.

To the consumer, the tariff is a factor in living costs, in the amount of taxes he must pay, in that portion of distribution overhead which is passed on to him.

While it is true that the importer or the foreign exporter have a profound interest in doing away with this red tape caused by customs procedures, it is the consumer who ultimately foots the bill for unnecessary litigation, delays and expenses which are inherent in prevailing practices.

It should be stressed that while tariffs have been reduced continuously ever since the first Reciprocal Trade Agreement was passed in 1934, the administrative framework of the tariff law has not been substantially altered since the 1920's.

In its report entitled "Simplifying US Customs Procedure," the US Council of the ICC confined itself to recommendations designed to overcome the more important and pressing impediments to a freer flow of



—Courtesy U. S. Associates, International Chamber of Commerce.

trade in those areas where practical results could possibly be obtained within a reasonably short time.

Hence we urged that the following six practices be studied with a view to bringing them up to date:

1) Countervailing Duties
2) Valuation for Customs purposes
3) Conversion of Foreign Currency
4) Marks of Origin
5) Internal Taxes
6) Penalty Duties

A *Countervailing Duty* is one imposed on dutiable goods imported into this country from foreign exporters who have received subsidies or bounties from their governments on their exports to the United States.

For example, on September 27, 1947, the Treasury Department imposed a Countervailing Duty on cork imports from Spain. In April, 1948, the Treasury Department rescinded this order when informed by the Spanish Government that it had discontinued subsidies to its cork exporters. Meantime, the American consumer had been charged with an extra duty ranging from 10 to 40 per cent for all articles made from cork—although there is no US cork industry which requires protection.

If public hearing had been held and an investigation undertaken prior to imposing this Countervailing Duty, a lot of time and money would have been saved by everyone concerned, including the government and the ultimate consumer of products containing cork.

It is simply common sense to suggest that Countervailing Duties be imposed only if it is shown that a domestic industry will probably be injured. It is likely that public hearings and investigations conducted by the US Tariff Commission, rather than a simple, often arbitrary finding by the Treasury Department can readily disclose whether or not a foreign subsidy exists.

Customs officials in arriving at the dutiable value of goods imported into this country have now many things to consider. Foreign Value, Export Value, Cost of Production and American Selling Price. In 1940 the British Government levied a luxury tax at home called the "purchase tax." Its purpose was to discourage the British people from buying non-essential goods and to encourage the export of these goods to earn dollar currency. This tax from the start did not apply to items sold abroad. There was, in other words, a distinct difference between the home market and the export price.

When a shipment of English luggage arrived at our shores, however, the Treasury Department ruled that the customs rate should be imposed on the British *domestic price* which included the "purchase tax." This meant that duty payment was determined on a 100 per cent and in some instances 125 per cent higher rate since the purchase tax for luggage in the UK stood at this figure.

From 1940 forward, importers paid higher duty and passed on the extra duty cost to the consumer, although the importers appealed their case to the customs courts immediately. It was not until eight years later, in 1948, that the court finally disposed of the test case and ruled that the British purchase tax *should not have been included for duty purpose*. But the consumer had already paid the higher price.

Tariff Reform *continued*

CHARLES T. RIOTTE has an exceptional background in the field of tariff regulation. From merchandise examiner for the US Appraiser's Office in the Port of New York, to Executive Secretary of the National Council of American Importers, to his current position as President of M. J. Corbett and Company, Custom House Brokers, the effect of tariffs on trade has absorbed Mr. Riotte's attention for more than 30 years. He is a member of the Commission on Formalities on International Trade and Travel of the US Associates, International Chamber of Commerce.

Just a short trip with no trouble at the border and we're at Montréal or Québec, the doors to an enchanted winter wonderland. What a clear, dry atmosphere, brilliant sunshine, wonderful snow and ice . . . and a real French-Canadian welcome in a comfortable inn or hotel.

LA PROVINCE DE Québec

For help planning your vacation, or for information concerning the unsurpassed industrial opportunities in our province, write the Provincial Publicity Bureau, Parliament Buildings, Québec City, Canada; or 48 Rockefeller Plaza, New York City 20.

It would again seem only common sense to exclude all foreign internal taxes which do not apply to the exported item and that the United States value or a fair commercial value be used in appraisal instead of the error-ridden "Foreign Value."

Today's system of arriving at the value of foreign currencies is based on quarterly findings of the metal content of coins. Back in 1938, when the Japanese occupied parts of Northern China they established a new currency, the so-called Chinese Federal Reserve Board dollar. When Chinese exporters from that region shipped goods to the United States they were ordered by the Japanese invaders to invoice on the basis of this CFRB dollar, which had no ofcial New York quotation.

The US Treasury, when faced with this issue, first decided to base the value of the CFRB dollar on the Japanese yen, thus raising the worth of the currency by about four-and-a-half times. The consumer paid the additional money. The importers are still waiting to get their money back, the case having been lately settled.

It would appear only reasonable that the present method of quarterly findings on the value of foreign currencies, based on the metal contents of coins, be replaced by the use of the par values of such currencies as established under the aegis of the International Monetary Fund. When par values have not been set up in this fashion, the quarterly proclamations of foreign currencies for customs purposes should reflect *the average of foreign exchange rates for commercial purposes during the previous quarter*. Then, too, our tariff procedures can be amended to provide realistic customs conversion rates where countries maintain a multiple exchange system.

One section of our administrative tariff laws stipulates that all knives, surgical instruments, including hypodermic needles, slip joint pliers, sword blades, bells, shotguns and the like must be marked with the name of the manufacturer or the importer and the country of origin before being shipped into the United States, and prior to reaching the customs house. Present laws proscribe such marking in this country—in contrast to the rule applying to virtually all other import goods. If unmarked, the knife, for example, must either be shipped back or exported or destroyed.

It would serve both equity and efficiency if all articles were handled alike; and if marking is missing, it should be added in this country.

To inject some order and coherency into the chaos of our tariff and customs procedures, the Tariff Act of 1930, should be promptly amended to make it conform with the principles endorsed by the United States during the GATT tariff reductions at Geneva in 1948 and at Annecy in 1949. The laymen will ask why these changes are needed to promote the welfare of the American consumer along with his archtypes throughout the world. Why is it in fact that the American importer contends that current practices do not hurt him so much in the final analysis, but rather, it is the ultimate consumer who gets it in the neck. The urgent need for modernizing and correcting tariff measures is rooted in the crazy-quilt complications that have grown up around the process of enforcing tariff laws and the administrative apparatus that has grown out of this effort.

We are operating a mid-20th Century economy at home and trying to extend some of the dynamic precepts of that economy abroad, but at the same time, are invoking tariff ideas and techniques which belong to an age of bustles and bicycles-built-for-two. Fortunately, Secretary of the Treasury John W. Snyder and Secretary of State Dean Acheson, together with Paul G. Hoffman, the ECA Administrator, all agree on this point and can be counted on to exert their not inconsiderable influence to bring US customs procedures up-to-date. The Department of the Treasury is expected to present to Congress during this session specific recommendations of changes in the law, for without revision it will be impossible to carry out the task of increasing imports from Western Europe and other nations that need to sell more to the United States, if they are to earn dollars enough to enable them to participate on a more equal basis in expanding today's world trade.

Toward The Highest Production In US History—

And what to do with it

By CHARLES SAWYER
US Secretary of Commerce

In this overall survey of 1950 prospects for world trade Mr. Sawyer bases his forecasts on data gathered exclusively for this challenging article. He discloses that by 1953, US production should reach $285 billion a year, or $25 billion more than at present and that US sales and purchases in the world market must grow in proportion.

As against only $48 billion in 1947, exports and imports (around the globe) in 1949 hit the new high total of $60 billion. But even that is not enough. US business must grasp the profit opportunities of even larger world trade or needlessly lose $5 billion a year.

In the four years since the end of World War II, much has been accomplished in rebuilding the physical plant and economic structure of a large majority of the devastated countries. Nevertheless, while domestic reconstruction in many areas has proceeded at an encouraging pace, acute difficulties have continued to overshadow the international trade picture. These difficulties threaten the economic gains which have been achieved.

It was inevitable that world trading patterns would be gravely distorted by many years of global warfare. It was to be expected that, with the return of the peace, the war-torn areas would be forced to concentrate primarily upon the reconstruction and expansion of plant and the restoration of consumption standards before they could rebuild their export trade. While the problems of production for foreign markets have by no means been ignored and many countries have made striking efforts to increase the availability of goods for shipment abroad, the trade deficits of these countries and their difficulties in financing them have arisen, nonetheless, from the fact that requirements for imported goods rose many fold for the reconstructing of war-devastated plants as well as for coping with the obsolescence of equipment long unreplaced. Meanwhile, rising capital resources with which to augment a meager supply of currently earned exchange had fallen to low levels as a result of wartime and immediate postwar drains. To have emerged from the reconstruction period in a balanced trading position, it would have been necessary for these countries to ship far greater quantities of goods overseas than production conditions at home permitted.

The magnitude of the trade deficit problem is revealed by the fact that in the four years 1946 through 1949 United States merchandise exports

exceeded imports by more than $25 billion and by about $32 billion if services as well as goods are included. These unrequited exports were largely financed through United States grants and credits, which totaled more than $21 billion over this period and which made it possible for the rate of economic reconstruction abroad to be maintained.

It is to be expected that foreign assistance authorizations will decline in 1950 from earlier levels and taper off in successive years. Global needs for supplies from the United States remain high and the prospective means of financing them are not clear. Although reconstruction requirements have declined, these cutbacks are to a large extent offset by the need for goods for an expansion of development programs even on a modest scale.

You Live Better When Neighbors Buy More

We face, therefore, in 1950, a challenge of far-reaching significance. With the first task of reconstruction of plant and living standards well under way, most other countries must find some means of increasing their production of exportable goods and selling them abroad, particularly in the dollar markets, if they are to maintain their living standards and their place in a world trading system. This is a problem not only for the producing nations themselves but for our own country as well. It is obvious that we cannot continue our current rate of government aid. We do have, however, a stake in the reconstruction of the economic vitality of our neighbors, for only as this vitality is restored can we be assured that our own products will have markets on a long-run basis. Furthermore, we know that only as world standards of living rise and there is genuine confidence in the future will democratic institutions be strengthened and the kind of world we fought for be assured. While other nations intensify their efforts to increase their production for export, we in our turn must find ways to enlarge our consumption of their products and thus help correct the acute unbalance which has so characterized the international trade picture during the last three years.

Let us look at the magnitude of the task which confronts us.

In 1938 world exports totaled about $22 billion. By 1947 the total had risen to approximately $48 billion, by 1948 to $55 billion, and by 1949 to $60 billion. Correcting for rises in prices, the volume of world trade in 1947 was a little over the 1938 level and about 5 to 10 percent above during this past year. This is not as heartening as it might seem. In 1938 the United States contributed 14 percent of world exports, one third in 1947, 23 percent in 1948 and about 20 percent in 1949. Despite some improvement in the trade balance and the slow rise in the volume of world exports excluding shipments from the United States, the volume of exports of a substantial number of countries still remains considerably below prewar levels.

The general rise in the volume of exports of other countries as a group is not, however, in itself a cure of world trade imbalance, as long as most of the world must continue to look to the United States for a volume of supplies so greatly in excess of their sales here.

The gap between our own merchandise export and import trade is thus the nub of the problem. In 1946 exports from the United States totaled $10.2 billion (more than three times the value of exports in 1936-38) and imports were less than $5 billion, leaving an export surplus of $5.3 billion. In 1947 the payments problem worsened, when the export surplus rose to $9.6 billion. The trade gap in 1948 fell to $5.5 billion, with exports down to $12.7 and imports up to $7.1 billion; it increased rapidly, however, in the first half of 1949, because of the sharp drop in United States imports, to an annual rate of $6.5 billion. Devaluation of the currencies of some 30 countries in the early fall is serving, as it was intended, further to check their dollar imports already reduced by tightened import and exchange controls, and to stimulate sales to the United States. Some diminution in our merchandise export surplus is anticipated. While figures are not yet available for 1949 the trade gap is expected to run around $6 billion.

The Chain Reaction of World Trade

Looking ahead to the future, there is no doubt at all that the trade gap will be closed. Will the gap be closed through a decline in merchandise exports of some $4 or $5 billion? Or will a relatively high export level be financed through higher imports combined with increases in American travel overseas and an accelerated flow of dollar investments?

We and the rest of the world have a vital stake in the second course. On our part, a decline of $4 or $5 billion in exports would exert a more deflationary effect than the figures alone suggest. Workers, making goods for export, thrown out of their jobs, would be forced to cut down their own buying, and a chain reaction of displacement would set in which might result in a loss of national income several times the value of the export decline. It is also true that our exports are highly concentrated in a relatively few production fields, and the impact of a sharp and sudden export drop would hit them hard, affecting many localities which could not easily make an adjustment even over the course of several years. I do not mean that we must export at present levels if we are to avert a recession here. In time we can make the necessary adjustments to lower foreign demand because of our capacity for internal growth. The slack can be absorbed at home. It would, however, be a painful process.

A sharp decline in our exports would have a more detrimental effect on most countries hard hit by the war than upon us. Most areas are far more dependent than are we on foreign trade. A sudden cut-off of essential supplies from the United States, particularly foodstuffs and

CHARLES SAWYER

raw materials, would greatly weaken their economies. We cannot foresee the political consequences which might ensue.

Few problems are being given more attention in Washington today. The Economic Cooperation Admintration is working closely with representatives of the countries participating in the European Recovery Program as they seek to improve their merchandising for this market. Great international fairs are in prospect in this country at which foreign merchandise will be widely displayed. The obstacles to easier and expanded travel overseas are under our joint attack. Through our reciprocal trade program, unduly high tariff barriers are being reduced. A stockpiling program of essential materials is well under way. A technical assistance program to further economic development has been presented to Congress, as has been a program to provide guarantees of the convertibility of dollar earnings overseas which should help to stimulate private investment.

While I have confidence that by 1953 it should be possible to assure the availability of sufficient funds to foreign countries to meet their essential requirements for American goods, this conclusion rests not only on the assumption of the success of the measures I have enumerated, but more especially on the assumption that we can and will maintain a high level of employment in this country.

The Giant Keeps On Growing

If, during the next three years, we can average the 3 percent annual growth in output which has characterized our economy in the past, the value of our total annual output of goods and services, at 1949 prices, should be running at over $285 billion in 1953 as compared to the current rate of around $260 billion. This rate of output would support without difficulty a merchandise import of $2 or $3 billion in excess of current levels. (I would note, however, that an increase of as much as $2 or $3 billion would require strenuous effort both here and abroad. It cannot easily be achieved.) An output of $285 billion would also make probable considerably higher foreign travel and investment rates.

If, on the other hand, we fell back and drifted to lower income levels, the effect on foreign trade and on our world-wide political relationships would be far more serious than is generally recognized.

When, during this past year, we experienced a relatively moderate recession with gross national production falling from $270 billion achieved in the last quarter of 1948, at an annual rate, to $263 billion in the first quarter of 1949, to $260 billion in the second, and to $256 in the third—an overall decline of less than 5 percent—our imports from the European Recovery Program countries alone fell by 10 percent in the first quarter, by 32 percent in the second, and by 38 percent in the third, as compared with the last quarter of 1948. The import decline from all areas over the period was over 20 percent. It is true that part of this reduction in imports may be attributed to disproportionate cutbacks on orders by importers on the assumption of devaluation of currencies and lower prices, but the fact remains that imports are peculiarly sensitive to production trends.

The awareness throughout the United States of the consequences both at home and abroad of any serious economic setback is widespread. Over recent years we have built into our economic structure many safeguards to deter such a disaster. We have seen, however, that even a relatively minor economic downturn here dislocates international trade relations on a significant scale. We must, therefore, press on to achieve a stable and expanding economy here at home, and help build a more balanced world trade network. Our responsibilities to ourselves and our responsibilities abroad as a great creditor nation commit us to these objectives. The Employment Act of 1946 and our membership in the United Nations express our intent to assure steady and balanced economic growth. Such growth is, above all else, the crux of the trade outlook.

A UNW Survey

World Literature At Mid-Century

By ANNE FREMANTLE

In this issue, Mrs. Anne Fremantle begins a series of articles on World Literature at Mid-Century. This series will survey and analyze the trends in today's fiction, drama and poetry. It will appraise the major writers of our period and interpret for our readers the meaning of their preoccupations, artistic and philosophical, social and political.

1. The American Novel

TWENTY-FIVE YEARS is a whole generation, and no war experience repeats that of the previous war exactly. In literature, as in life, the transition from the earth-bound infantryman's trench war to a war of remote skies raining death, was bound to produce a new type of writer, even as it had produced new methods of combat. And the time lag has been curiously identical: the first of the great war-novels, after World War I, was John Dos Passos' *Three Soldiers*, published in 1924; Norman Mailer's epic *The Living and the Dead* came out in 1948—in each case, seven years after the entry of this country into war. Now the war novel, although it has not yet spent its whole force, is on the wane, and what, exactly is taking its place?
over 5 years even though its fu-

André Gide has written, "with very few exceptions, the novel deals only with the relations between man and man, relations of the passions or the intellect, family, social, or class relations, but never, practically never, does it trouble itself with the relations of the individual with himself or with God." Since God on the whole is generally ignored by today's younger American novelists (except for a few troubled Catholic authors like Harry Sylvester—*Dearly Beloved, Dayspring, Moon Gaffney)* it is the relations of the individual with himself that concern the majority of young novelists. All other relationships have been over-written, over-explored, or have gone bankrupt, or been bombed out. And in this general exploration of, and feeling for, the individual's right relation with himself, there are two major tendencies, expressed by two groups.

There always have been two groups, of course. They are part of the normal literary life, as breathing in, and breathing out, are part of the normal process of physical life. And the distinction between the breathers out, or exhalists, as they may perhaps be called, and the breathers-in, or inscapists, is as great, but no greater, today, than it was after World War I. Then John Galsworthy, Hugh Walpole, Arnold Bennett, and H. G. Wells, differed from Katherine Mansfield, Virginia Woolf, D. H. Lawrence and James Joyce, in the same way as Norman Mailer *(The Living and the Dead)*, James Michener *(Tales of the South Pacific)*, Irwin Shaw *(The Young Lions)* and John Hersey *(A Bell for Adano)* differ from Carson McCuller's *(Reflections in a Golden Eye, The Member of the Wedding)*, Jean Stafford *(Boston Adventure)*, Truman Capote *(Other Voices, Other Rooms)* and Gore Vidal *(Williwaw, In a Yellow Wood, The City and the Pillar)*.

The problems of the first group of young American novelists, the exhalist, are as many and varied as are the problems of the external world. They are despairing, insecure, frightened, shaken, and ashamed, exactly as everyone else is—only more so. And all their problems may be roughly placed under two main headings: how to fill the moral vacuum left by the great destroyers—Newton, Freud, Marx, Frazer, Pavlov, Einstein and the atomic physicists and how to assimilate the findings of the great discoverers—Newton, Freud, Marx, Frazer, Pavlov, Einstein and the atomic physicists. For by these great destroyers humankind was first thrown out of a geocentric cosmos, then out of anthropomorphic life: believing himself son of God, man was taught by them that he was also cousin to the ape. Then one by one, his will, his behavior, his instinct, and even his dreams were forced out of his vainly clenched hands.

Yet those who took also brought gifts, and it has been the job of the artist, since he is everyman not writ large, but just plain written down, to absorb and evaluate those gifts. For

truth is equally true at all levels, and must be experienced individually at them all by every writer. Literature is part of the process by which everything "comes out" in some mysterious cosmic patience game. In an earlier generation, Thomas Mann tried to assimilate the findings of Frazer's *The Golden Bough* and Franz Kafka pursued the endless refractions of a futureless illusion down those same sunless corridors along which Freud had fled his Maker.

Upton Sinclair and later John Steinbeck, were two of the many who attempted to express in novel form something of the Marxian mystique of the redemptive proletariat. Henry James, and later Thomas Wolfe, whilst accepting and charting the new continents of the unconscious whilst enriching the American language and the forms they used, also, in their affirmation of the validity of the ritual memory "rallied the lost and trembling forces of the will."

The Rust of Pity

Today, attempting to communicate directly through the streams of consciousness of their characters, James Michener, Irwin Shaw, Norman Mailer, Merle Miller *(That Winter)*, Ira Wolfert *(An Act of Love)* further pursue exterior solutions in economics, sex, violence and psychoanalysis. But, mostly, they reject them all in favor of a panetheistic humanism. With this rust of pity—much of it self-pity—they hasten the corrosion of the very fountains of the houses they inherit, and the bridges they attempt to cross. Most of these young exhalist writers continue in the Hemingway technique. Their style, as C. Hartley Grattan has put it, consists of sentences which "appear to have been telegraphed and then pasted over the page." They effect short staccato phrases, and a tempo that is reminiscent of machine gun fire; often they pepper lavishly with obscenity or profanity, believing that the reader can, and shall, enjoy the pepper when he pleases. Their dialogue has to bear the whole weight of narrative and description both. And in form, they reflect, kaleidoscopically, the novel's long decline. For the novel, as a form, has been busy dying for over 50 years, even though its funeral has been perpetually postponed.

Today's novelists, straying from the classical form, express themselves either in creative reporting, as for example, do James Weller *(The Cracked Column)*, John Horne Burns *(The Gallery)*, or else in what John Hersey has called "The novel of contemporary history," does himself, and as Alfred Hayes did in *The Girl On the Via Flaminia;* or in sociological studies, such as Willard Motley's *Knock On Any Door,* and Norman Mailer's epic study of inherent Nazism; or in the novel of manners, as John Marquand does *(So Little Time, Point of No Return)*, Isabel Bolton *(Do I Wake or Sleep?, The Christmas Tree)*, and Mary McCarthy *(The Company She Keeps, The Oasis)*, attempt in essentials much the same thing.

Of these, Isabel Bolton, for all her sixty-three years, belongs to the inscapist group, and is one of its most successful members. These inscapist writers, to some extent, consciously think of themselves as a "school" and they are wholly unconcerned with any vacuum or any salvation, by any power outside themselves, whether it makes for righteousness or wrath. Their entire attention, as their spokesman, Gore Vidal, has frequently expressed it, is with the "inner drama." Not in action, nor in the fruit of action is the core, or the answer; sex is for them no solvent, love finds out no way. Their reaction to the horrors of post-Hiroshima society, to the sin and suffering around and in them, stems in the case of virtually all of today's American writers "largely" from Kierkegaard, via the existentialist philosophers. It neglects the search for the salt. But where the despair of the extroverts is resolved by affirming the miracle of man's abiding existence, as in the case of *The Young Lions* of Irwin Shaw and in John Horne Burns' *The Gallery*, the escapists reduce the general agony to the death of one pet monkey (as in Frederick Buechner's *A Long Day's Dying*) or to one scared boy's flight through a forest (as in Truman Capote's *Other Voices, Other Rooms)*.

When these revolt against naturalism, they scorn even symbolism. Only by the individual's own awareness of the agony he is enduring can he arrive at that distillation and refraction of his existence, whose artistic validity is his one certainty.

These writers correspond so closely in style, as well as in content, to contemporary English and other European writers, that it is hard to tell the chicken from the egg. For example — who can guess which of the following sentences has been set down by Elizabeth Bowen and which by Frederick Buechner: "Who, when he has visited her, had spoken not only of her daughter . . . but also of what she had surely recognized as, would she forgive him, his love." "In the street below, not so much a step, as the semi-stumble of someone after longstanding . . . could be, for the first time by her, heard." Or if Henry Green's *Loving* is compared with either of the above, or with *The Christmas Tree,* construction and timing are seen to be astonishingly close.

Superman Wins the Day

It is curious in this country of 150 million people, practically all literate, how few read books at all. For the illiterate, the millions of underread have been substituted. Their education suffers from literary malnutrition and deficiency and also from an unbalance caused by over-indulgence in magazine and comic-book reading. But today's potential readers are hardly helped by the writers. It is probable that the most interesting, because the most experimental of today's young novelists will never reach vast masses, because they reject entirely the pantheistic humanism, or the Micawberesque optimism, which are the wish-fulfillment of the people as a whole. Since, for the inscapists, suffering and sorrow must first be sieved through the creative imagination of the individual writer before it becomes even his personal vision, communication can only be at the level chosen by that writer. And most readers easily get out of breath, or out of their depth, or both.

World Literature Mid-Century *continued*

In *The Big Cage,* Robert Lowry states the problem clearly. He describes in great detail a boy's reaction to his grandmother's death. She had come to his home to die, this little old German lady, chock-full of Bavarian sentiment, who always had a bag of the right kind of peppermint candy tucked in that big, soft leather handbag of hers. "She took a long time to die . . . Her bowels were all tangled up, a hopeless mess, and you could hear her grunts upstairs and down, inescapable. It was a thing to wrench your heart, and I'd stop a moment in my attic to listen. That's my grandma dying, I'd think coldly. Pretty soon they'll carry her out of here and she'll be completely dead, and I'll never see her again . . . Even the day before she died, when she called me into her room and asked me to sing to her and I sang, 'There's No Place Like Home,' a little off-key, even then I didn't feel personally involved in the scene." But after she was dead, the 13-year-old goes back up to his attic, and sits down to type "and at that part in the story where I had my grandmother die, the cords in my neck suddenly began to jerk and the saliva in my mouth all dried up. I'd begun to cray at last."

The Woes of Guilt

Dedication to the sole integrity of "the tears of things" is as absolute in this whole inscapist group, as it was in the Roman poet Virgil's Aeneas, more moved by the woes of Troy as depicted on Dido's alien temple walls than endured by himself and his companions. It has been so in every age: St. Augustine wept that he was "more of a Ciceronian than a Christian" and Hamlet wept for Hecuba, not Ophelia. Predigested by the process of creative writing, horror, disease, disintegration and death itself, can be assimilated and translated. Converted into comprehensible fractions, the mountains to whom the exhalists melodramatically cry "Cover us," are made mice for these inscapists, who then can vivisect them, without anesthetic.

And since these latter can find neither in the external, buffeted world, nor in their seismographic souls, the essential tranquility in which to recollect emotion, they seek the "still centre" at the whirlwind's heart, where the stresses are momentarily cancelled. So, in Jean Stafford's *The Mountain Lion,* the girl and her mother's reciprocal hatred is self-subsisting, and the resolution in action is not symbol or substitute, but outcome. Also the ampoule of penicillin, that the cured VD sufferer breaks in *The Gallery,* is no mere gently ironic echo of a precious ointment once spilled, but *is* the moment of recognition itself.

In their back-turning upon realism, many of the inscapist writers have turned also completely away from heterosexual love as a motivation. Isabel Bolton's *The Christmas Tree,* Truman Capote's *Other Voices, Other Rooms,* and Gore Vidal's *The City and the Pillar* all contain careful studies of homosexuality (the latter has a gruesome account of an affair between a pederast and a Lesbian) and in *A Long Day's Dying,* Frederick Buechner continually circles the subject. It is as though in their predisposition to see themselves and all else in a distorting, lover-island mirror these writers had included, at another level, the whole complex of family relationships, and even the whole concept of the family, in the accepted Freudian sense. And all of them, without exception, are narcissistic about their childhood, for from the mouths of babes come all the questions, and the answers. "We know all the answers; it is the questions that we do not know."

Between these two groups, exhalists and inscapists, there are—as there always have been—many writers who straddle from one to the other. As Dickens put feelers out to Dostoevsky, so there is a coming and going today. Calder Willingham's *End as a Man,* Walter van Tylberg Clark's *The Track of the Cat,* are such "bridge" novels, whose writers have, as John Aldridge put it, "realized that there is more to the world than can be expressed in monosyllables," but who have not yet wholly abandoned realism, only dimentionalized it by thickening it with symbolism. They hover, above contemporary chaos, neither wholly abandoning the exterior, nor wholly committed to the interior, approach.

It may seem strange that in the richest, most victorious country in the world, the best of today's young authors should be chewing on spiritual mothballs. But their despair, though complete, is of man's condition, not of his existence. In the face of the tentacles of the octopus state, in the blowing dust of a plundered planet unable to provide nourishment for all, under the threat of mass-suicide offered by the discovery of atomic energy, they are busy exploring and affirming the intrinsic value of man's relations with himself.

Perhaps the question isn't: after World War II, what? But: before World War III, what? For the post-war novel seems to have become, imperceptibly, the pre-war novel, and these two groups may be both inheritors and precursors of history.

The Author:

Anne Fremantle is Assistant Professor at Fordham University, lecturing on Creative Writing. A graduate of Oxford University, she is the author of *The Wynne Diaries* (Oxford University Press), *Loyal Enemy* (Hutchinsons), *Come to Dust* (Putnam), *James and John* (Henry Holt) and *Desert Calling* (Henry Holt).

International Anthem

Mr. Richard Rosencranz, Secretary of the Board of Trustees of Evansville College, has written the first international anthem called "We Are United Nations." The melody is a composite of musical phrases from many national anthems. The words are ideas expressed at the San Francisco Conference of the UN and by diplomats and statesmen since. A line of the song, for instance, "The law of love will conquer, bursting hatred's narrow bonds," was taken from a speech by John Foster Dulles.

"We Are United Nations" has until now been translated into 28 different languages, and it is sung by university choirs and other organizations interested in international affairs and working for brotherhood among the nations. Some choir and male voice arrangements for three or four parts and pocket size cards, for audiences may be obtained without charge through the Evansville College Library.

T.B.S.

Industry in Latin America

GEORGE WYTHE. A full factual summary of the economic and sociopolitical aspects of the gradual industrialization of the 20 Latin American republics. "First-rate summing up . . . where none existed before."—*N. Y. Times.*
Second edition $5.00

Statistical Yearbook, 1948

A UNITED NATIONS PUBLICATION. Data from 1928 to 1948 on trade, finance, production, agriculture, manufacturing, etc. $6.00

General Agreement on Tariffs and Trade

AN INTERNATIONAL TRADE ORGANIZATION PUBLICATION. The Annecy protocol of terms of accession and the Annecy schedules of tariff concessions. $1.50

The Attack on Trade Barriers

AN INTERNATIONAL TRADE ORGANIZATION PUBLICATION. A pamphlet. $.15

International Documents Service

COLUMBIA UNIVERSITY PRESS
NEW YORK 27, N. Y.

Year of Decision in Asia *continued from page 34*

very nearly too late. A minimum program would include a Manifesto to the Nations of Asia outlining the nature of American purposes in the East, and an admission of error. It would include the use of radio on a far more vigorous scale than the Voice of America has contemplated, and it would enunciate an entirely new concept of what America stands for.

Only a progressive America can make contact with revolutionary Asia, and win the Asiatics from the influence of reactionary Sovietism. There are signs that under the Truman administration such a revolution is coming about. By supporting the social forces which are making for the betterment of the Asiatic peasant, America can still exert her influence in Asia, but there is no other way in which her influence can be brought to bear. The Asiatics are not afraid of American military power, or indeed of any other western power. Rabbles in arms destroyed Dutch military power in Indonesia and American military power in China, and if the British had not left India peacefully, Indian rabbles would have thrown the British out of India. Today, it is useless to think that the military might of the West can ever be exercised on Asia.

Ten Pillars for Asia's Future

The hope of the world lies in an American revolution which, on another plane and with other aims, will repeat the successes of the first American revolution. What is needed is the private and public conspiracy to set America on the path of social revolution. There are destinies that must be accomplished, tasks which history sets before great nations, only to punish them if these tasks are not assumed. Among these tasks are:

1. The declaration of a Manifesto to the Nations of Asia, which will outline the tasks which America sets herself in Asia and the Pacific islands.

2. The creation of a special secretaryship within the framework of the Department of State, with Cabinet rank—a position like that of Minister of State Hector McNeil in the British Government—wholly concerned with problems of Asia.

3. The enunciation of a Pacific Charter.

4. An Asiatic Relief Program, equivalent to the European Relief Program.

5. The implementation of President Truman's Point IV on a scale as large as possible.

6. The extension of the Fulbright Act, so that unprecedentedly large numbers of Asiatic apprentices and students can receive education in America.

7. The censorship of American films which are to be shown in Asia.

8. The abandonment of the policy of "containing" communism in Asia, and the acceptance of the principle that the Asiatic communists must be assisted if they represent the emergent social forces, while at the same time combatting the ideology of totalitarian communism with all the propaganda means available.

9. The abandonment, as soon as possible, of military government in Japan and its substitution by a civilian government.

10. The recognition of the Communist Government in Peking.

To those who suggest that these measures are impractical, it is sufficent to reply that American lack of policy towards the Orient has continued too long, and that few things are so clear as that 1950 is a year of decision in Asia. On the decisions of American statesmen in 1950 may very well depend the issues of peace or war in the Pacific for the next hundred years.

From time to time, leading statesmen, through UNW's editorial page, have set forth in all candor some important ideas very much on their minds and very close to their hearts. Our readers will particularly remember, in this respect, the editorial on "The US and Russia Must Agree" by United Nations Secretary-General Trygve Lie.

In the present issue, we are pleased and proud to present a warning on the need to preserve the dignity of the UN General Assembly by its current President, Ambassador Carlos P. Romulo, whose stature as a world statesman and skilled mediator has grown steadily throughout the Assembly sessions which closed last month.

Diplomats: Mend Your Manners

By AMBASSADOR CARLOS P. ROMULO

President of the United Nations General Assembly

UNDER ideal conditions, there should be no need to uphold the dignity of the General Assembly of the United Nations. The world in which we live, however, cannot yet be described as ideal.

In a more auspicious time, the Parliament of Man might be expected to command the universal respect that is its due. Not so in the troubled and divided present, a time of unease and confusion, of upheaval and cataclysmic change.

The United Nations is but four years old, going on five, and there is a tendency, unfortunately widespread, to give it no more than the respect due to a person of the same age.

In fairness to the peoples of the world, it must be admitted that the fault does not lie wholly on one side; the blame, therefore, must be apportioned accordingly. The United Nations does sometimes behave like a four-year old. More than one Honorable Delegate, oblivious of the fact that he has all the world for a stage, has walked out of meetings in a huff. Some have used the rostrum of the Assembly itself as a vantage point from which to hurl verbal abuse at nations, ideologies and sometimes even at mere mortal men, mostly fellow-delegates who have aroused their ire or called them names other than their own. Not so long ago, we were treated to an unedifying spectacle when some delegates, who shall here be nameless, refused to take part in the discussion of an issue on which they were called upon to state their side. They ignored the whole proceeding, sulking in their seats like children who, finding that they can't have things their own way, refuse to abide by the rules of the game.

On the theory that the General Assembly can command only as much respect as it deserves, I have tried ceaselessly to uphold its dignity. As President of the Assembly, I appealed to the delegates to adhere to the rules of decorum. I warned them that I would not allow the rostrum to be used in making irrelevant, unwarranted, gratuitous or personal attacks, and declared that such statements, if made, would be expunged from the record.

To the credit of the delegates, I am happy to recall that I never had occasion to take this extreme measure. I did rule several speakers out of order, but never on account of a serious breach of the rules of parliamentary propriety. And my rulings were never questioned and were always promptly complied with.

On many occasions, I had the privilege of reading the speeches of delegates prior to their delivery on the floor of the Assembly. In some cases I suggested a moderation of the language used. My advice was received in good spirit and taken into account in the changes made in the original texts.

In this way, we were able to expedite our deliberations, avoiding much needless argument and exacerbation of feelings. To further enhance the dignity of the Assembly I insisted that, in accordance with our rules of procedure, only fully-accredited delegates and their alternates should address the plenary sessions.

The function of the General Assembly is primarily one of conciliation. Most of the problems that come before it involve conflicting national interests and cannot be solved except through compromise and accommodation. As President of the Assembly, it was my duty to foster a more conciliatory attitude among the delegates. I did not always succeed, but it was not because I did not try hard enough. Indeed, I have been gently chided by some of my colleagues for trying too hard, at the risk of appearing to be rather high-handed about it.

My zeal was motivated by a proper concern for the dignity of the General Assembly. Having no coercive power, the Assembly depends mainly upon its moral authority in carrying out its decisions. The greater the respect it can command, the more effective it will be as an instrument of peace.

NOW... FOR 1950...

1,000 New Profit Sources Catalogued and Described

...You Can Make Money With This Complete, Accurate, Just-Published Survey of New Products and Services

SEND FOR FREE COPY

In These 80 Pages of Golden Opportunities You'll Find One or More Money-Making Ideas to Increase Your Personal or Business Earnings.

The 1950 New Products and Services Covers These Diversified Fields

- Air Conditioning
- Automatic Vending Machines
- Automotive Equipment
- Aviation
- Building Materials
- Chemical Products
- Coating Materials
- Detergents
- Direct Mail
- Farm Machinery
- Food Specialties
- Food Field Equipment
- Gadgets
- Glass
- Hearing Aids
- Hearing Equipment
- Home Appliances
- Industrial Presses
- Industrial Pumps
- Industrial Testing Devices
- Insecticides
- Lighting Fixtures
- Machine Tools
- Magnetic Recorder
- Marine Equipment
- Materials Handling
- Merchandising Ideas
- Metals
- Microfilming Equipment
- New Products Literature
- Office Equipment
- Packaging
- Petroleum
- Phonographic Equipment
- Photography
- Prefabricated Housing
- Printing
- Plastic Products
- Radio-Television
- Refrigeration
- Rubber Products
- Safety Equipment
- Soldering Equipment
- Sports Equipment
- Textile Equipment
- Textile Fabrics
- Toys
- Welding Equipment

To Get Your Free Copy Promptly Just Fill Out the Coupon at Right

THE new 1950 edition of "New Products and Services" is ready. A copy is waiting for you — and it's *free*.

"New Products and Services" is an 80-page book that lists and describes 1,000 new ideas, new products, new processes, new services, new sources of supply in nearly fifty different industrial fields.

Many of these ideas are now available for your *immediate use*. You can begin to profit *at once* by knowing about them *now*. Many other ideas will become available soon — and it will pay you to become aware of them so you can plan ahead.

Whether you want new ideas for goods or services to buy, sell, or use — or to keep ahead of competition — you will find them when you own this book — including descriptions of each item, names and addresses of their sources, all classified and arranged so you can pick out the top money-makers for *you*.

Get Your Copy Before They Are All Gone

Previous editions of "New Products and Services" have been eagerly snapped up by alert executives who realized the value of a single, convenient source of all the information it contains.

Previous editions made a lot of money for readers, according to numerous laudatory letters voluntarily written to us.

This new edition should be doubly valuable to *you*. It is the most complete and most thorough edition we have yet published. It is the combined effort of 155 Journal of Commerce editors and researchers who are constantly on the lookout for everything that's new that will be helpful to men who want to keep ahead in the parade of progress!

"New Products and Services" for 1950 is just off the press. The edition is limited. Early users will benefit most! To get your copy, simply fill in and mail the coupon below. Our generous offer brings you The Journal of Commerce for the next 10 weeks... 50 issues... for the low price of only $5.00 — a saving of $2.50. With your trial subscription of the J-of-C, we will send a copy of the 1950 "New Products and Services" Free. Get your copy now — then follow the latest "New Products" each day in The Journal of Commerce. Fill out the coupon below today.

THE NEW YORK Journal of Commerce

53 Park Row, New York 15, N. Y.

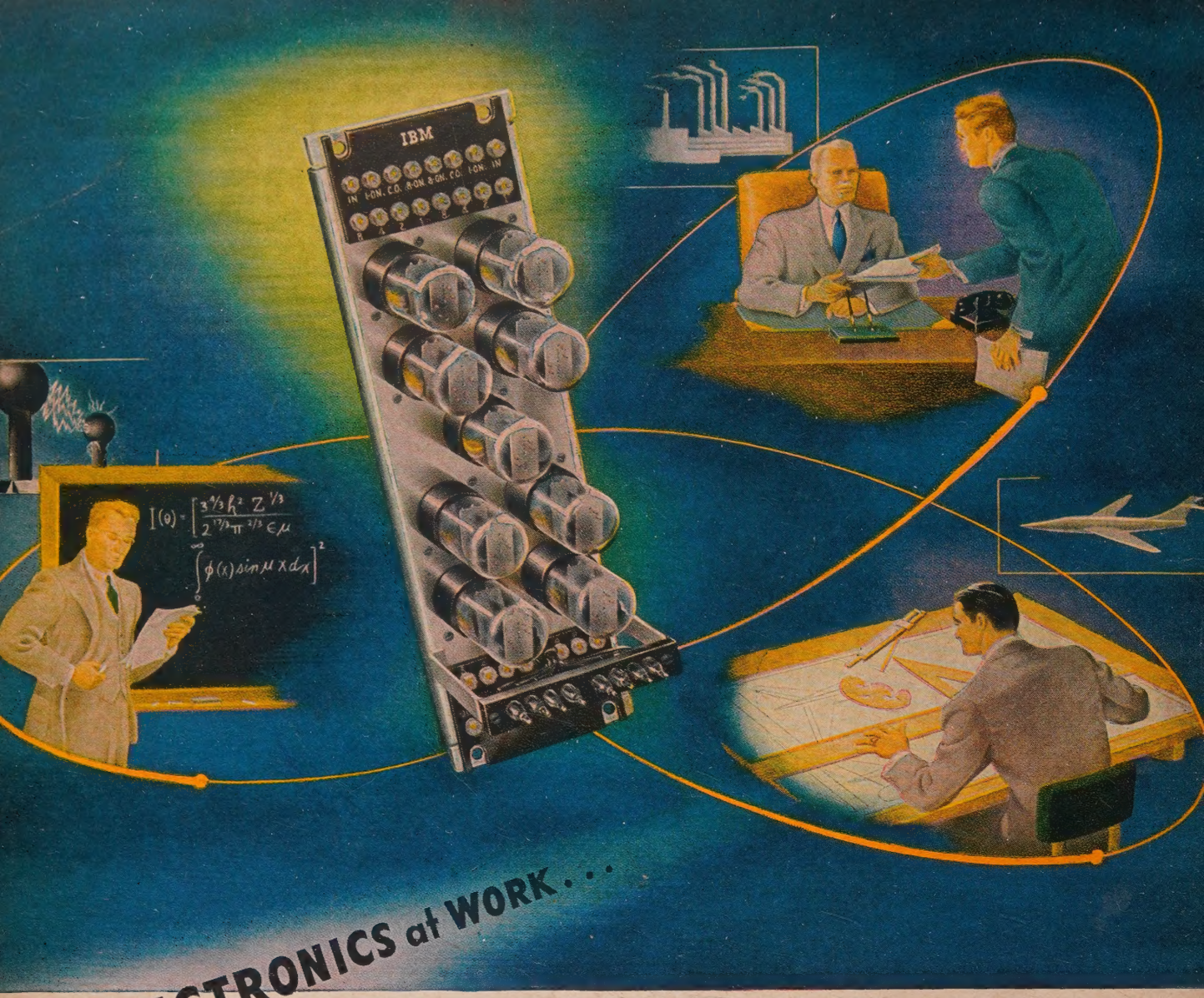
Please send me The Journal of Commerce for 10 weeks, plus my copy of 1950 New Products and Services, the just-published book described above. Check for $5.00 is enclosed.

NAME_____

ADDRESS_____

CITY_____ ZONE____ STATE____

Check ☐ if you prefer Chicago Journal of Commerce



ELECTRONICS at WORK . . .

A BUSINESSMAN needs a report on his company's production and inventory position, and he has to have it faster than ever before.

A SCIENTIST, working in the atomic energy field, needs to know the exact effect of relativistic mass increases in the slowing down of fast electrons.

AN AIRCRAFT DESIGNER needs to determine the theoretical stresses and strains brought about by the use of new-type controls on a jet-powered, supersonic plane.

Today, these intricate requirements and countless others are being met at amazingly high speed through the use of IBM Electronic Business Machines.

IBM pioneered in the application of the science of electronics to business machines . . . machines which benefit everyone through increasing the productivity of industry and science

The device shown is the IBM Electronic Counter, basic unit of IBM Electronic Machines which compute arithmetical problems at tremendous speeds.

IBM

INTERNATIONAL BUSINESS MACHINES CORPORATION
World Headquarters Building
590 MADISON AVENUE • NEW YORK 22, NEW YORK